

JPRS 82905

18 February 1983

China Report

ECONOMIC AFFAIRS

No. 312

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

CHINA REPORT

ECONOMIC AFFAIRS

No. 312

CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- Effects of Industrial Management Reform
(Ren Tao; JINGJI GUANGLI, 15 Nov 82) 1
- 'ZHONGGUO XINWEN SHE' Reviews New Economic Daily
(ZHONGGUO XINWEN SHE, 1 Jan 83) 9

ECONOMIC PLANNING

- Mayor Sets Forth Shanghai Economic Development Plan
(JIEFANG RIBAO, 28 Dec 82) 10

ECONOMIC MANAGEMENT

- Methods for Enterprise Reorganization Suggested
(Zhao Yuanhao; YANGCHENG WANBAO, 29 Dec 82) 15

FINANCE AND BANKING

- Symposium Held in Shanghai To Discuss Accounting, Auditing Work
(Ge Wenju; SHANGHAI KUAIJI, 25 Nov 82) 18
- Ningxia Annual Revenue Plan Overfulfilled Ahead of Schedule
(Shen Ruigin; NINGXIA RIBAO, 15 Dec 82) 29
- Annual Financial Revenue Plan Overfulfilled in Jiangsu
(Su Caiyu; XINHUA RIBAO, 15 Dec 82) 30

INDUSTRY

- Installation of Sino-French Computer Production Line Noted
(Ma Guining, et al.; GUANGZHOU RIBAO, 30 Oct 82) 31

Successful Integrated Circuit Plant Described (GANSU RIBAO, 7 Nov 82)	33
Gao Yang Discusses Hebei Industries' Competition (HEBEI RIBAO, 22 Dec 82)	37
Chemical Industry Overcomes Energy Shortage, Improves Results (Cheng Yuwen; TIANJIN RIBAO, 19 Nov 82)	40
Liaoning's Largest Fiber Plant Completed (LIAONING RIBAO, 27 Nov 82)	42
Reorganization of Tianjin Motor Vehicle Industry Discussed (Li Lianchun; TIANJIN RIBAO, 4 Oct 82)	44
Reform of Beijing Industrial Economic System Noted (ZHONGGUO XINWEN SHE, 4 Jan 83)	46
Fujian Restructures Industry Management (Ai Feng; RENMIN RIBAO, 4 Jan 83)	48

DOMESTIC TRADE

'JINGJI RIBAO' Discusses Consumer Goods Market (JINGJI RIBAO, 4 Jan 83)	49
Fast China Reaction to Textile Price Adjustment Noted (Editorial Report)	52
Basic Principles of Price Control Discussed (Wang Yongzhi, et al.; JIAGE LILUN YU SIHIAN, 10 Nov 82).	54
Individual Industrial, Commercial Households Increase in Ningxia (NINGXIA RIBAO, 11 Dec 82)	63
Expansion of Rural Collective Individual Commercial Enterprises Supported (XINHUA RIBAO, 28 Nov 82)	64
Problems, Solutions for Jiangxi Rural Trade Explored (Li Houxin; ZHONGGUO CAIMAO BAO, 13 Nov 82)	66
Sale of Industrial Products in Fujian's Rural Areas Expands (FUJIAN RIBAO, 13 Nov 82)	69

FOREIGN TRADE

Serious Export Losses in Guangzhou Discussed (Huang Senhua; GUANGZHOU RIBAO, 23 Dec 82)	71
Guangdong Increases External Economic Activities (NANFANG RIBAO, 2 Jan 83)	73

LABOR AND WAGES

Introduction to Lecture Series on Labor Problems (Beijing Domestic Service, 16 Jan 83)	75
'BEIJING RIBAO' Lecture No 1 on Labor Problems (Yuan Fang; Beijing Domestic Service, 17 Jan 83)	78
Jiangxi Official Attends Trade Union Forum (Jiangxi Provincial Service, 30 Dec 82)	80
Changes in Employment System Urged (XINHUA Domestic Service, 3 Jan 83)	82

TRANSPORTATION

Methods for Coal Transport Out of Shanxi Suggested (Li Kaiming; JINGJIWENTI, Aug 82)	83
---	----

GENERAL

Improvements in Industrial Production, Communications, Transportation (ZHONGGUO CAIMAO BAO, 30 Dec 82)	90
Tianjin Conference on Developing Collective Economy (TIANJIN RIBAO, 14 Dec 82)	95
Guangxi Regional Conference on Economic Work (Guangxi Regional Service, 16 Jan 83)	98
Xinjiang Meeting Urges Promoting Production (Xinjiang Regional Service, 31 Dec 82)	100
Xizang Leader on Economic Development Plans (Xizang Regional Service, 31 Dec 82)	101
Tianjin Issues Riverbank Management Regulations (TIANJIN RIBAO, 26 Sep 82)	103
Tianjin Erects 20,000-Ton Cold Storage Depot (Zhang Xunhe; TIANJIN RIBAO, 24 Nov 82)	105
Rates for Waste Materials in Lanzhou Published (LANZHOU BAO, 7 Nov 82)	107
An Pingsheng Reports on Yunnan Economy (YUNNAN RIBAO, 10 Nov 82)	109
Symposium Held on China's Feudal Socioeconomic Structure (Huang Qichen; YANGCHENG WANBAO, 17 Nov 82)	112

Briefs		
Textile Prices		115
HONG KONG MEDIA ON CHINA		
Current Status, Future Outlook for China's Energy Structure Analyzed		
(Hao Bin; WEN WEI PO, various dates)		116
ABSTRACTS		
MATERIAL MANAGEMENT		
WUZI GUANLI [MATERIAL MANAGEMENT], No 12, 25 Dec 82		124

NATIONAL POLICY AND ISSUES

EFFECTS OF INDUSTRIAL MANAGEMENT REFORM

HK180543 Beijing JINGJI GUANGLI in Chinese No 11, 15 Nov 82 pp 31-34

[Article by Ren Tao [0117 3447]: "The Effects of the Reform of Industrial Management System on State Revenues"]

[Text] Since the 3d Plenary Session of the 11th CCP Central Committee, a series of reforms in the economic management system have been carried out in our industrial system. What effects have these reforms had on state revenues? In this regard, there have always been divergent views in our society. Therefore, summing up the overall effects by means of analysis of and comments on figures and facts will be very useful in that it will enlighten certain people who have confused ideas on the industrial management system reform; remove their misgivings, bring about unity of thinking and thus help promote the reform.

The Reform Has Helped Achieve Better Economic Results

In recent years we have been carrying out the reform within the framework of readjusting the national economy. In order to heal the many wounds of the "Great Cultural Revolution" and redress the errors of the "left deviation" which produced harmful effects over a long period, the state has had no choice but to spend large sums to solve the problems inherited from history, such as providing jobs to tens of millions of youths waiting for their first jobs, revising wages and salaries which remained unchanged for many years, building a large number of staff quarters, making up for deficiencies of funds for urban construction in the past, narrowing the gaps between agricultural and sideline products prices and industrial products prices, which were not adjusted for many years, and allowing partial or total tax relief in the countryside for peasants to recover and prosper. The unavoidable effects of this situation have been a temporary reduction in state revenues and a temporary rise in state expenditure. Likewise, factors resulting in less income and more expenditure for a short period have also confronted our industrial enterprises. This is a price we had to pay for maintaining political stability and unity and for ensuring economic readjustment and development. Statistics show that in only 3 years, the state spent a total amount of over 140 billion yuan to make up for what the 10 years of turmoil had caused. Nevertheless state revenue did not fall sharply. One of the main reasons was that the reform of industrial economic management

system made a contribution to the state through mobilizing enterprises' and workers' enthusiasm, increasing output and encouraging thrift, increasing income and cutting back on expenditure. In concrete terms, this can be seen from the following:

1. Output value, profits and tax payments increased from year to year. They increased gradually in real value terms, although the budgetary growth rates of output value and of profit for industrial enterprises showed fluctuations, which were more marked in the industrial output value of 1981, due to further readjustment of the economy. So far this year's output value and profit showed greater increase again. It is to be noted that the trend of tax revenue was steadily and markedly upwards during these same years. In 1979, an 8.3-percent increase was recorded over 1978, 1980 recorded a 7.3-percent increase over 1979, 1981 recorded a 6.7-percent increase over 1980 and for the first 7 months of this year the increase was 10 percent over the same period of last year.

2. Although the profits turned over by the enterprises decreased (in 1980, they decreased by 0.13 billion yuan in respect of 1979, a drop of 0.3 percent, and in 1981, they decreased by 3.81 billion yuan, a drop of 8.5 percent), the taxes paid by them went up from year to year. Thus, taking into account both the profits turned over and the taxes paid, the state revenue from industrial enterprises in 1981 decreased by 1.79 billion yuan in respect of 1980, a drop of 2.4 percent only. For the first 7 months of this year, state revenues from profits and taxes altogether went up by 7.1 percent over the same period last year. Moreover, the share of profits turned over and taxes paid to the state in our state revenues also become larger each year. The budgets of 1978-1981 provide that profits to be turned over by the state-owned industrial enterprises with independent accounting systems should represent 63 percent, 69.2 percent, 72.7 percent and 73.8 percent of the state revenues respectively.

3. As a result of implementing the profit retention scheme, many enterprises have been able to dispense with a part of state appropriations and thus there have been less financial repayments. Taking Beijing as an example, the budget provided for an average reduction of 28 percent over 3 years in special financial appropriations to industrial enterprises after implementing the profit retention scheme, reducing these appropriations to 68 million yuan in 1981 from 0.18 billion yuan in 1978, that is, a total reduction of 0.22 billion yuan in 3 years. In addition, the large number of staff quarters that the enterprises built during these years amounts to making up for many years' insufficient appropriations on the part of the financial department.

It is not to be overlooked that in the 3 years, our industrial enterprises achieved the abovementioned successes under difficult conditions. 1) Their expenditures on wages, bonuses and social welfare went up because they took on a large number of new employees. For the past 3 years, the budget provided for the creation of a total of 3.96 million jobs in state-owned enterprises, that is, 1.42 million jobs in 1979, 1.27 million jobs in 1980 and 1.27 million

jobs in 1981. The aggregate additional expenditures on wages, bonuses and social welfare amounted to 5 billion yuan in 3 years. Although these new employees also contributed to increasing the industrial enterprises' output and income in the past few years, on the whole, the enterprises took them on to create more jobs in spite of their existing redundant personnel. Thus, it was inevitable that they would incur additional expenditures. 2) The burdens on the enterprises also became heavier. A rough calculation shows that due to additional expenditures, the profits of the enterprises were cut down by 7 to 8 billion yuan in the 3 years, of which 5.9 billion yuan was used for nonstaple food subsidies, 0.6 to 0.8 billion yuan for controlling effluent and 0.6 to 0.8 billion yuan for insurance premiums. 3) To a certain extent, the price variations also affected the income of the enterprises. During the past few years, the prices of agricultural and sideline products, raw materials and some manufactured and mineral products went up and this must have had some repercussions on enterprise's production cost, for although the state granted subsidies to enterprises for rises in the prices of major agricultural and sideline products used as raw materials, such as grain, cotton and oil so as to relieve them from such additional burdens and although the price rises of other raw materials were in part set off by the price falls of some manufactured products, our enterprises did spend more money on some industrial raw materials such as timber, steel purchased from outside, coal mined through cooperation and some second category agricultural sideline products because their prices went up. But thanks to efforts made by the enterprises, it was possible to keep the share of expenditures on raw materials and fuel in the overall production cost at 71.3 percent in 1980, that is, at 1978's level, without a noticeable rise.

Some comrades say that in the past few years, owing to the large-scale readjustment of the national economy, enterprises were not given sufficient production tasks and thus earned less profit. This problem did exist if we merely analyze the situation of one or two particular industrial sectors. For instance, the state reduced planned production tasks for the engineering, iron and steel, chemical, automobile and some other heavy industries. As a result, the aggregate profits of these industries in our country went down by 2 billion yuan. But this is not the case if we take into account all the industrial enterprises, for the overall output value as well as the overall profits went up.

What has been discussed above shows that from 1979 to 1981, the enterprises in altogether registered a reduction of 12 to 13 billion yuan in income for reasons which were beyond their control which gave rise to additional expenditures and reductions in profit. The average reduction in income was 4 to 4.5 billion yuan per year. If this factor is taken into consideration, we may say that the profits that the enterprises earned in 1981 went up by about 1 billion yuan compared to 1980, instead of going down by 3.17 billion yuan.

After all, the profits that the industrial sector yielded during the past 3 odd years was remarkable. This played a positive role in overcoming the financial and economic difficulties of our country. Of course, this achievement closely tied in with the work carried out for readjusting the national economy. Without the concurrent industrial management system reform, which encouraged enterprises to raise profits and cut losses on their own initiative, it would not have been possible for the industrial sector to achieve such good results.

Why Were Less Profits Turned Over to the State While the Profits of Enterprises Went Up?

In the past few years, the profits yield by enterprises increased while there was a downward trend for the profits turned over to the state. This downward trend was particularly marked in 1981 with respect to the 2 previous years. In this regard, there have been varied analyses and conjectures. Of course, there were many reasons. But the main reason was that after implementing the profit retention and profit contract systems, the profits of the state-owned enterprises were distributed under unified or separate management, instead of under "unified management" alone. While setting up this new distribution system, part of the supervisory system and measures related to the "separate management" lagged behind. Devolving rights downwards without strict supervision inevitably gave rise to phenomena of serious "avoidance, fiddled returns, loopholes and evasion" in profit distribution found in quite some state-owned enterprises. The major manifestations are as follows.

1. Some enterprises infringed financial regulations as they distributed money by manipulating their profit accounts. In some cases, profits which should not have been retained were retained while in other cases, reduction and exemption were unduly given to the unpaid previous years' profits due to the state. There were also cases where profits were covertly withheld and a part of the profits were distributed prior to being turned over to the state. The large-scale financial inspection undertaken this year shows that as much as 2.5 billion yuan were not turned over to the state and this was a direct consequence of the infringements of financial regulations found in our state-owned enterprises, of which the large majority were state-owned industrial enterprises. In Taivuan City, three of the nine enterprises which had been given greater autonomy unduly retained profits amounting to 800,000 yuan by resorting to the above-mentioned tricks.

2. In order to let enterprises retain more profits, some places changed the profit retention pattern as they liked. This was still not a glaring issue in 1979 and 1980. At that time, above-target profits were shared out basically according to the proportions of six to four as laid down by the state, that is, 60 percent of the above-target profits for the state and 40 percent for the enterprise. This issue became glaring in the second half of 1981 when the economic responsibility system had been widely implemented. Loose management gave rise to unreasonable distribution of profits between the state, the enterprise and its workers and thus reduced the share of the state. For instance, a certain rubber factory derived great advantages from implementing the profit retention system in 1979 and 1980. In 1981 this enterprise switched from the profit retention system to the profit and loss contract system and as a result retained 420,000 yuan more as profits. In addition, it was exempted from paying 270,000 yuan as profits not turned over to the state in the previous year. Altogether, this enterprise got 690,000 yuan more. But compared with 1980, its output value went down by 42.3 percent, its profit went down by 84.5 percent, the profit turned over to the state went down by 97.2 percent while its actual income went up by 43.8 percent. It is unreasonable to make

authorized changes in the profit distribution pattern with a view to letting enterprises retain more profits to the [words indistinct]. One must recognize that this was one of the major reasons why in 1981 the profits turned over to the state dropped by as much as 8.5 percent compared with 1980.

3. In the past few years, as the structure of manufacturing industries was being further adjusted, the ratio between our light and heavy industries also changed [words indistinct]. This also somewhat affected the profits turned over to the state. In our country, heavy industry makes big profits and has light tax burdens while light industry has little profit margin but heavy tax burdens. Out of every 100 yuan worth of output value, heavy industry turns over to the state 17.5 yuan as profits and 7 yuan as taxes while light industry turns over to the state 14 yuan and 13.7 yuan respectively. In 1981, the output value of heavy industry dropped by 4.7 percent and resulted in a reduction of over 2 billion yuan in profits.

Moreover, the amount of loans repaid by enterprises kept going up in several consecutive years. This also affected the profits turned over to the state. Concerning the loans for all the enterprises of our country, the budgets provided for a 373-percent increase in 1980 over 1979, a 192-percent increase in 1981 over 1980 and a 151-percent increase in 1982 over 1981. Accordingly, the burden represented by the repayment of the loans of necessity became heavier from year to year. The repayment amounted to 1.45 billion yuan in 1979 while the repayment as provided for in the 1982 budget is to reach 4 billion yuan. Of course, on the whole the increase in loans granted by banks in the past few years played a very positive role in bringing about a brisk economy and an advance in light industry. Under normal circumstances, while loans expand, more profits will be yielded and turned over to the state as well. The trouble lies in: 1) Instead of using the profits which accrued from loans, many enterprises used their profits to repay loans. 2) Some enterprises did not properly use bank loans and failed to achieve economic results, not to mention increasing profits. 3) This year, the People's Bank has raised its lending rates and the loans to be repaid are at record high levels. If we take no heed of their adverse effects, there will probably be a greater decrease [words indistinct] over to the state this year. Some places grant huge amounts of loans every year. For instance, a certain city falling within provincial jurisdiction granted to enterprises loans amounting to 46.51 yuan in 1978 while the profits yielded in that year only amounted to 2 million yuan. Thus, it will take 6 years for the loans to be repaid, to say nothing of turning over profits to the state!

Of course, the factors which adversely affected the state revenue by impeding industrial enterprises from turning over more profits were problems which arose while we were making progress. This situation has been changing since the State Council issued relevant written instructions to lower levels last year, whereupon the enterprises set about consolidating themselves. The profits turned over to the state from January to July of this year went up by 0.9 percent over the same period last year, thus putting an end to the downward trend. Nevertheless, this problem has not yet been definitively [as printed] We must pay great attention to it, treat it as a serious issue and adopt effective and practical steps to solve it.

the problems which require further study and solution.

First of all, we must make serious efforts in the spirit of the 12th V. O. Congress to sum up and inquire into the experiences in granting greater autonomy to enterprises and in implementing the economic responsibility system in industrial enterprises so as to find out better solutions to the current problems concerning the matter of perfecting the economic responsibility system. In respect of the economic responsibility which is now implemented, not many enterprises have really done well; the real good or bad ones are few while the majority of them are regrettable. Phenomena such as perfunctory inspections, "militaristic" and "over-body eating from the same pot" still exist. As regards how to realize equity in our distribution policy the principle of rewarding the efficient and penalizing the lazy, a perfectly satisfactory solution has not yet been found. Moreover no economic responsibility system has been set up at enterprise management levels, which has resulted in management with powers but no responsibilities. This phenomenon is a great hindrance to mobilizing the enthusiasm of enterprises and to attaining better economic results. It is an urgent task of the departments concerned to lay down, as soon as possible, a set of precise criteria for defining the detailed responsibilities at enterprise management levels in respect of planning, coordinating, servicing and supervising. On the other hand, in so far as increasing the power of enterprises is concerned, our enterprises have not been given all the autonomy which should have been granted to them, but have even had to give back some rights which were given; they expressly (such as the limited right to sell on their own account). This is unfavorable for keeping our economy alive. Therefore, an important point of the system reform is still how to correctly define the rights of the enterprises in production, circulation and distribution according to their respective positions and roles in national economic life and within the limits compatible with unified national planning. The correct solution to these problems is of great significance to helping enterprises achieve better economic results, mobilize resources for accumulation and increasing state revenues.

One appropriate measure should be adopted to make the state enterprises in charge of enterprises are responsible only for their profits but not for their losses and only calculate their own advantages, accepting jobs which are to their advantage. While implementing the economic responsibility system in the past two years, some enterprises were able to benefit from their profits without answering for any losses because there were no clear-cut provisions or bounds of the enterprises in the system. If they felt that things were turning out to their disadvantage, some enterprises backed out, or changed the experimental scheme at will, or bargained for lowering the basic indices of the contract system, and thus adversely affected the effects of the reform to a certain extent. A corollary of the socialist ownership by the whole people is that the state-owned enterprise can only assume limited responsibilities for its profits and losses. But this does not mean that enterprises only share profits without being held responsible for any losses. Still less does this mean that under any conditions, "the enterprise must keep its vested interests." In order to prevent enterprises from getting away with all responsibilities in case of reductions in profits or losses owing to changes in state plans and extraneous

conditions, two things must be done in the future. On the one hand, there is a need for setting up an enterprise reserve fund out of the profits retained so as to "put away money for a rainy day"; on the other hand, we may consider granting greater procurement, production and sales autonomy to the enterprises which have stronger management, greater capacity for self-management and produce a large range of products according to varied specifications, for which the demand changes more frequently so as to enable these enterprises adapt themselves to market trends, alleviate burdens owing to unfavorable changes and contingencies and encourage them to produce better economic results by genuinely basing their hopes on self-reliance, fully tapping their own potential and improving their management.

Third, in the future, we must insist on the continuity and stability of our policies while appropriately centralizing funds. It is necessary to centralize financial resources in the hands of the state as well as to keep alive the enthusiasm of enterprises and workers. Therefore, while maintaining the present financial system and ensuring the autonomy proper to the enterprise, the share of profits that an enterprise may retain should be suitably adjusted to the local and sectorial situation. The measures which may be adopted are flexible. For instance, in order to accelerate energy development, enterprises may be required to pay an energy surcharge, which all profit-making enterprises and institutions must pay to the state's financial department at fixed rates. Or firm steps may be taken to put in order and to consolidate those enterprises which repeatedly retain profits, or fiddle cost accounts, or raise their share of profits at will or fish for advantages by means of tricks. If the share of profits that an enterprise may retain is adjusted in this way, not only will the adjustment not affect the enthusiasm of the enterprise and its personnel, but will contribute to better mobilizing their socialist enthusiasm. Of course, if a particular enterprise is allowed to retain too large a share of profits, appropriate adjustment may also be made once the reasons are made clear to the enterprise.

Fourth, enterprises should be guided to make rational and effective use of their own funds. After getting more rights and implementing the economic responsibility system, our enterprises have more funds at their disposal. This has played a certain role in bringing about a brisk economy, accelerating technological advance and achieving better economic results, but has also given rise to blindly expanded processing capacity and duplicated construction. In order to solve these problems, great efforts should be made to check and supervise how the funds retained by enterprises are used, making sure that all the production funds are really used to renew equipment for the purposes of saving energy and upgrading the quality of products. Thus the use of enterprise funds should be subject to a strict auditing system. We should assess the contribution of technological renovation to the net yearly output value of an enterprise as well as assess to which extent energy saving and technological renovation have contributed to cost reduction, and then make commendation and give material rewards accordingly. As to those who do not observe the procedures of submitting construction projects for approval and misuse their own funds, investigation should be conducted to

find out their economic and even legal responsibilities. At the same time, we may spread the experiences of Shanghai Metallurgical Bureau and of Changzhou, and other places, making provisional transfer of money among various production funds in accordance with the unified plan of a provincial city, bureau or firm and in accordance with how important and urgent a project is. Thus the enterprise may benefit from [word indistinct] its own funds while the realization of all key technological renovation projects can be ensured and the enterprise will be prevented from blindly expanding its production capacity.

CSO: 4006/216

NATIONAL POLICY AND ISSUES

'ZHONGGUO XINWEN SHE' REVIEWS NEW ECONOMIC DAILY

HK010410 Beijing ZHONGGUO XINWEN SHE in Chinese 0318 GMT 1 Jan 83

[Text] Beijing, 1 Jan (ZHONGGUO XINWEN SHE)--JINGJI RIBAO [ECONOMICS DAILY] is officially inaugurated in Beijing today. The publication of this national paper, which is under the leadership of the State Economic Commission, has attracted attention at home and abroad.

In the frontpage masthead, the paper carries an article by a vice premier [name not given] entitled "Praising the 'Shoulder-Pole Electric Motor' Spirit." Citing the record of Shanghai Electric Motor Plant manager Li Wenhua in helping sugar refineries in South China to improve their power equipment, the article sums up three experiences: 1) it is essential to pursue growth rate under the premise of ensuring product quality; 2) it is essential to integrate industry and agriculture in order to promote the economy; and 3) it is necessary to bring into full play the role of scientists and technicians and the spirit of initiative of the intellectuals, and actively carry out technical transformation. The article says these three experiences "should also constitute the main propaganda contents of JINGJI RIBAO." He hopes that JINGJI RIBAO will contribute still better to promoting the economy.

The paper also frontpages several important news items: 10 major domestic economic events of 1982; most agricultural loans issued during the past 2 years have been repaid in the year of issue; and over 1 million peasant households in Anhui have joyfully moved into new houses. In connection with the report on agricultural loans, the paper carries an editorial entitled "A Look at the Rural Areas From the Repayment of Agricultural Loans," which points out that this fact fully reflects the excellent situation in the rural areas.

On pages 2 and 4 respectively, JINGJI RIBAO publishes an article on a reporter's interview with coal minister Gao Yangwen on the strategic aims of the coal industry; and an article by economist Qian Junrui entitled "Seriously Study the World Economy To Serve China's Modernization Drive."

JINGJI RIBAO was formerly the ZHONGGUO CAIMAO BAO [CHINA FINANCE AND TRADE NEWS], which was published every Wednesday. The paper deals mainly with the following topics: industry and communications, finance and trade, capital construction, agriculture, forestry, animal husbandry, sideline occupations and fisheries, international economy, economic theory, economic news, economics knowledge, people's economic life and so on. According to our information, RENMIN RIBAO deputy chief editor An Gang is acting as chief editor of JINGJI RIBAO.

ECONOMIC PLANNING

MAYOR SETS FORTH SHANGHAI ECONOMIC DEVELOPMENT PLAN

Shanghai JIEFANG RIBAO in Chinese 28 Dec 82 p 1

[Article: "Municipal Congress Hears Mayor Wang's Report. The Report Pointed Out That Shanghai Must Bring the Major Coastal Ports and Old Industrial Bases Fully Into Play; By the End of This Century the Total Value of Industrial and Agricultural Production in Shanghai Will Quadruple; Moreover, There is a Reliable, Objective Basis for Proposing This Magnificent Goal of Quadrupling Production and Making Even Greater Contribution to the Nation"]

[Text] The Fifth Meeting of the Shanghai City of the Seventh People's Representative Congress was held yesterday (the 27th) afternoon in the municipal gymnasium. Those attending heard Mayor Wang Daohan's (3076 6670 3211) "Report on Some Important Work in Developing the Economy and Society of Shanghai." In the report, he indicated that, at present and in the future period, Shanghai must bring the major coastal ports and old industrial bases fully into play. In the first ten years, a foundation must be laid, while in the last ten years we must engage in vigorous development so that the total value of industrial and agricultural production of Shanghai can be quadrupled by the end of the century and so that a quadrupling can be realized in order to make even greater contributions to the nation. There is a reliable and objective basis for proposing this magnificent goal, which is the common hope of all the citizens of the city.

Hu Lijiao (5170 4539 2403), Presiding Chairman and Chairman of the Standing Committee of the Municipal People's Congress, presided over yesterday's meeting.

In his report, Wang Daohan indicated that the task for Shanghai in 1983 is to be resolute in continuing with the thorough implementation of the policy of readjustment, restructuring, reorganization and upgrading in accordance with the plans of the CCP Central Committee and the State Council, linking economic, scientific and technological and social development, integrating the rate of development, the level of technology and market demands, resolutely advancing in reliance on science and technology, conscientiously improving economic management, assuring fulfillment of plans for increasing industrial and agricultural production and targets for comprehensive benefits under the prerequisite of continually increasing economic benefits, dealing correctly

with the relationship between expanding production and improving living standards, reforming administrative organs and economic management systems step by step, further intensifying the building of a socialist spiritual civilization and seeing to it that each item of work proceeds in a down to earth way. The major goals of our plans for developing the national economy and society in this city in 1983 are initially to determine that the total value of industrial production will increase 4 percent as compared to last year, that the total value of agricultural production will increase 3.2 percent, that investment in capital construction will increase (not including the two big projects at Baoshan and Jinshan) 8.3 percent, that investment in technological transformation increase 11.4 percent and that financial income increase 4.7 percent.

Wang Daohan put stress on reporting on the following current major tasks in economic construction and social development in Shanghai.

1. Adapting to new changes in markets, intensifying expansion to the outside and internal alliances and doing a good job of organizing production and circulation. A major current problem to which Shanghai must give special attention and which must be resolved is that production and circulation must be organized on the basis of the demands of three markets, the market of the city itself, the domestic and the international markets. At present, there has been a basic alleviation of the state of long-term shortage of supply of everyday consumer goods and a transformation has begun from a "sellers market" to a "buyers market." The occurrence of this gratifying new state of affairs has presented a new set of demands on economic work in Shanghai. Businesses and enterprises involved in production, circulation, transportation and service must strengthen their economic reporting work and establish information networks, and, setting out from surveying and predicting the requirements for production building and people's consumption, organize production and supply. On the basis of an understanding of market requirements, the industrial sector must draw on the strengths of each sector to offset the weaknesses of other sectors and actively shift productive capacity of goods for which supply exceeds demands to increasing production of goods which suit the market demand. Each production sector and circulation sector must improve its management methods and increase and deepen its channels of circulation. At the same time that they strengthen their alliances with their sister provinces and cities and expand their domestic markets, they must also open up new routes for foreign economic, trade and technological exchange.
2. Resolutely readjust and comprehensively reorganize enterprises, speed up technological transformation and increase economic benefits. In 1983, industrial production must continue to maintain a constant rate of growth in the course of further readjustment. This rate of growth must be genuine and embody the rate of comprehensive benefits. We will require further readjustment of product composition, restructuring the forms of organization of enterprises in accordance with the inner links of economic activity, stepping up the pace of technological transformation, striving to economize on energy resources and raw materials, improving the quality of products, expanding the varieties of products and improving adaptability to the market.

3. Perfect a system of responsibility in agricultural production, not letting up in the least in food production and actively expand various types of management. Under the prerequisite of assuring fulfillment of food production assignments, we must fully unearth natural resources and labor force resources, expand various types of management and take the course of comprehensive expansion of agriculture, industry and commerce. We must be firm about establishing the idea of the suburban counties serving the city and do a good job of production of vegetables and other nonstaple foods. We must conscientiously summarize the new creations and new experiences among the masses, and, on the basis of differing circumstances, make use of various forms of contract systems linked to production. Particular attention should be given to assimilating the advantages of the family type production-linked contract systems, restructuring the original labor management and distribution system and gradually expand and integrate responsibility systems for unified management and for contract distribution. Development of the rural economy must be promoted in policies and measures on all fronts.

4. Gradually shift all sectors of the national economy onto a new technological basis by relying on scientific and technological progress. Leaders at all levels must come to a full understanding of the strategic significance of expanding science and technology, must create the conditions and open up the way to progress in science and technology and must speed up the building of socialist modernization. The economic sectors must get a good grasp on technological innovation and technological transformation. A firm and conscientious grasp must be gotten on the work of implementing the policies in regard to intellectual elements. Active measures must be taken to make bold use of the broad masses of intellectual elements and particularly of middle-aged intellectual elements and to bringing their special knowledge and effectiveness fully into play. Improvements must be made conscientiously in respect to conditions of study and advanced study and work and to remuneration problems. Assistance must be given as quickly as possible to solving actual difficulties of livelihood. We must replenish and readjust scientific research organs and strengthen cooperation and coordination between them. Scientific and technological work must turn toward economic construction, get a firm group on the key points and organize attacks on the key problems. There must be an overall plan and a long-term plan for scientific and technological development. We must implement a concrete structure, further mobilizes the forces of all sectors and promote scientific and technological progress even more vigorously on the basis of the economic policies proposed at the National Science and Technology Awards Conference.

5. Intensify building and transformation of the city and adapt to economic and social development. In accordance with the policy of "first we must eat and second we must build," we must continue to strive to do a good job of building, transforming and managing our city in order to increase the comprehensive functions of the city and to meet the demands of economic construction and social development. We anticipate that the future development of Shanghai City will involve primarily planned transformation and construction of old city districts, replenishment and development of satellite cities and towns, developing the "two wings," i.e., the coast south of the mouth of the Yangtze River and the coast north of Hangzhou Bay, intensifying

construction of small towns in outlying counties, gradually building a central city as the principal element and linking the city with a cluster of satellite cities and towns and suburban industrial districts.

Within a future period, we must continue to make residential construction a key point in construction in Shanghai City. We must also continue to conscientiously solve the problem of crowded traffic conditions in the city, strengthen environmental protection, do further work on controlling industrial waste water, smoke and dust, waste gases and noise and strictly control sources of pollution.

6. Strengthen education, culture, health and physical training work and strive to build a socialist, spiritual civilization. Developing educational undertakings and raising the educational level and the scientific, technological and cultural levels of the masses are important aspects of culture building. In order to more fully unite the people, educate the people and enrich the mental life of the people, propaganda and education about Marxism must be intensified on all ideological and cultural fronts, a fighting will to establish the four modernizations must be aroused in the people, and capitalist, feudalistic and other decadent ideologies must be opposed.

We must become deeply involved on a long-term basis in developing "five stresses and four beauties" activities and carry out education about communist ideology among the broad masses in a vivid way suited to actual circumstances.

7. Carry out restructuring of organizations and improve our style of work. In accordance with the plans of the CCP Central Committee and State Council, in a period of more than one year starting from the present we should do a conscientious job of restructuring the organs of the entire city primarily on the basis of the requirements of separating government from enterprises, consolidating redundant organs, decreasing administrative levels and readjusting cadre composition. The key point in restructuring organs is that municipal level government departments and particularly municipal level economic management departments should be merged to decrease redundancy. Cadres at all levels should have a high degree of feeling of responsibility and sense of urgency about the tasks that they bear and should strive to be men of action with courage and knowledge who dare to take action. They must continue to emancipate their thinking, expand their fields of vision and dare to think deeply. They should oppose arrogance, complacency and conservatism, free themselves from all kinds of irrational conventional bonds and do an outstanding job of completing their assignments.

8. Draw up the sixth five-year plan and clarify the direction of development. Now we must concentrate our forces, concentrate our materials, concentrate our ideas, make repeated comparisons and optimize our planning, so that we can draw up the program for the sixth five-year plan for this city in the first quarter of next year and so that the municipal people's government can submit it for deliberation by the first session of the 8th People's Congress.

In his report, Mayor Wang Daohan finally said that all of the people in our city must, under the inspiration of the spirit of the 12th Party Congress and under the leadership of the CCP Central Committee, the State Council and the Shanghai Municipal CCP Committee, further strengthen unity between the military and the people and between the military and the government and to strengthen the great unity among the workers, peasants, intellectual elements and all patriotic public figures, thoroughly bring all positive elements into play and struggle arduously with one mind so that all of the work of Shanghai can definitely forge ahead victoriously.

Mayor Wang Daohan's report was met with the enthusiastic applause of the entire assembly.

In addition to the presiding chairman, Di Jingqian (3695 2529 5973), Su Buqing (5685 2975 7230), Liu Jingji (0491 7231 1015), Wu Ruolan (0702 5387 1344), Li Peinan (2621 1014 0589), Ding Mingfa (0002 2494 3127), Xu Buluo (6079 1580 3157), Sun Junping (6079 0689 1627), Li Donglu (2621 2639 7627), Xiao Xichen (5618 5045 3819), Yang Fuzhen (2799 1381 3791), Hu Zhengbang (5170 2973 6721), Zhang Chen (4545 1057), Huang Min (7806 2404), Hui Yinlin (1920 0603 2651) and Dai Maozhai (2071 5399 7872) were also seated in the front row of the rostrum yesterday.

Shanghai Vice-Mayors Han Zheyi (7821 0772 0001), Chen Jinhua (7115 6930 5478), Yang Shifa (2799 1102 3127), Zhao Zukang (6392 4371 1660), Wang Jian (3769 7002), Chen Zonglie (7115 1350 3525), Xin Yuanxi (1823 0337 6932) and Yang Ti (2799 1029) were also seated on the rostrum.

The committee members who took part in the fifth meeting of the fifth session of the Municipal People's Political Consultative Conference were present at the meeting.

The members of the National People's Congress in Shanghai, the committee members of the National People's Political Consultative Conference, the members of the municipal CCP Committee and responsible persons from various work departments of the municipal government were also present at the meeting.

10019

CSO: 4006/184

METHODS FOR ENTERPRISE REORGANIZATION SUGGESTED

Guangzhou YANGCHENG WANBAO in Chinese 29 Dec 82 p 2

[Article by Zhao Yuanhao [6392 0337 3185]: "Four Basic Links Which Must Be Carefully Attended To In Enterprise Reorganization"]

[Text] As a result of the notable success in implementing the "eight-character policy" in our country during the past several years, our national economy, particularly agriculture, has developed fairly rapidly, as we all know. However, the economic results in various sectors of the national economy are far from ideal. Some progress has been made in raising labor productivity, lowering production costs, improving the quality of products and increasing taxes and profits; but such progress has been very slow. Therefore, the improvement of economic results in various sectors of the national economy will be an urgent problem in future. Since the most important task in improving economic results is to improve those among the enterprises, the central authorities have decided to devote 2 or 3 years for the reorganization of enterprises. This action is entirely necessary and correct.

This year, I had the opportunity to visit Yunnan, Jiangxi, Shandong and Heilongjiang; I also had some idea of how the experiences of the Shoudu Iron and Steel Company and the Daqing Oilfield could be applicable to the reorganization of enterprises. Summing up the successful experiences as well as the existing problems, I feel that the following four basic links must be carefully attended to in making the reorganization of enterprises a success:

First, further implement the policy on intellectuals, streamline the leading bodies at various levels in order that there will be some "knowledgeable persons" at each level of leadership.

This is a very important factor, but some people now in charge of personnel still do not understand it. The present backwardness in our country's enterprise management is appalling, and the most fundamental problems are with the cadre line and the intellectual investment. Many university and specialized college graduates who have received professional training are now simply laid aside or put to work on what they have not been trained for. Some of them may be given some empty titles but no real authority; or are not given the trust they deserve. Of the plant directors and vice directors throughout the country,

the cultural level of more than 70 percent is below that of junior secondary school, and less than 10 percent are university or specialized college graduates. If their cultural level is too low, it will be difficult for these people to understand economics and the science of management; or to interpret the general and specific policies of the party and the state, to accept innovation or to undertake heavy responsibility. It will then be very difficult for them to become "knowledgeable." In the past several years, 70 percent of the veteran workers and leading cadres of the well operation company of Daqing Oilfield have retired or been reassigned, and the intellectual youths who had come from Beijing and Shanghai to the northeast to do farming were employed in the plant. After a period of ideological-political and vocational training, they were assigned to leading posts at various levels to serve as backbone leaders. Full of vitality, they could make use of their cultural background and professional knowledge to translate whatever directive or policy of the higher authorities quickly into measures of management. In the Shoudu Iron and Steel Company, the leadership at various levels has also been streamlined so that the young and promising people with good cultural background and professional knowledge can be promoted to leading posts. That is why its management has made rapid progress. In implementing the policy of intellectuals and in appointing people according to their ability, we have met resistance at every step taken. That is why we must have a very strong determination in our action and "knowledgeable persons" in the enterprises and the higher leading departments before such a policy can be accomplished. It is not true that there are no "fine steeds" in many of our enterprises; we only lack the "horse-experts" to identify them.

Second, the resumption of basic work for improving enterprise management.

The basic work for enterprise management includes first-hand records, statistics, the system of information, measurement, quota control, the setting up and implementation of rules and regulations, planning for management and production, job responsibility and so forth. All these tasks are the foundation and prerequisite for strengthening the system of economic responsibility and for total quality control and total economic accounting. Unless this basic work is carefully attended to, it will be futile to speak of enterprise management. Unless the basic work of enterprise management is resumed and well carried out, it will be impossible to strengthen the system of economic responsibility. Furthermore, if the basic work for total quality control, total planned management and total cost accounting is not well carried out, nothing can be accomplished. Those who are lazy or afraid of the basic work can never succeed in enterprise management, and the economic results can never be realistically improved. Both the Daqing Oilfield and the Shoudu Iron and Steel Company have attached great importance to basic work. For example, the well operation company of Daqing Oilfield spent half a year in streamlining its first-hand records, statistics and measurements and setting up the system of "daily reports" on every work post and of "verifying" various quotas; and then formulated hundreds of scientific and technical quotas and revised or set up various rules and regulations. That was how it could carry on its management realistically and with good economic results.

Third, careful handling of planned management as the central link in enterprise management.

In modern enterprises, thousands or tens of thousands of people are organized to engage in production and business operations. All departments, all links and all processes of work should be well coordinated, all labor consumption in the enterprises must be controlled, and the cooperation and coordination of activities within each enterprise and among different enterprises must be ensured. What do we rely on to accomplish all these tasks? We should mainly rely on the planning of enterprises. Planning is the prerequisite and means of control, because we must check and supervise the activities of production and management on the basis of planning. If planning is not carefully attended to, the production and management in enterprises will become chaotic and their economic results will be seriously impaired.

The planning of enterprises is divided into long-range planning and annual planning. Within each enterprise, various plans can be worked out according to its conditions. The quality of planning is determined first by the correctness of the enterprise's policy decisions, and, second, by the performance of the enterprises in the basic work. The plans of socialist enterprises are a component of the state plan. Now the central authorities have decided to divide the system of planned management in our country into mandatory plans, guiding plans and the plans which are not included in state plans. However, all these types of plans should be carefully worked out on the basis of efficient enterprise management. Lack of efficient enterprise planning means lack of management.

Fourth, the reform of irrational management

For enterprises, reorganization means readjustment as well as restructuring. In the course of reorganization, the relations of production and the superstructure that may interfere with the development of the productive forces must be resolutely reformed; otherwise, the task of reorganization cannot be accomplished. For example, the failure to set up and strengthen the system of democratic management in plants; the unclear division of work in the plant leadership resulting in mutual shifts of responsibility in work; the weakness in the system of control over first-hand records, statistics, measurement, quality and finance; the abnormal relationship among different plants in cooperation; the failure to honor contractual obligations and so forth must be investigated so that the causes may be discovered, and corrective action can be taken. Should there be any undesirable relationship between the higher and lower levels, corrective action should also be taken; otherwise, the progress of reorganization will be affected and the effectiveness of reorganization cannot be ensured.

At present, many of the enterprises which succeeded in their reorganization had adopted these methods. I believe that if these links are carefully attended to, the reorganization of our enterprises will be a success and their economic results will be greatly improved.

9411

CSO: 4006/183

FINANCE AND BANKING

SYMPOSIUM HELD IN SHANGHAI TO DISCUSS ACCOUNTING, AUDITING WORK

Shanghai SHANGHAI KUAIJI [SHANGHAI ACCOUNTING] in Chinese No 11, 25 Nov 82
pp 2-7

[Summary of Proceedings in China Accounting Association's 1982 Monographic and Academic Symposium--Compiled by Ge Wenju [5514 2429 5468] from Sound Recordings Made by the Shanghai Municipal Accounting Association"]

[Text] On 9 September the Shanghai Municipal Accounting Association held a meeting to relay the spirit of the 1982 monographic and academic symposium held in Leshan, Sichuan, by the China Accounting Association. The meeting was presided over by Comrade Lu Ziuyuan [7120 0208 3220], vice president and concurrently chief secretary of the association, who also gave a general account of the symposium. Next, Professor Lou Erxing, [1236 1422 5887], deputy secretary of the China Accounting Association, made a comprehensive report on the views expressed during the discussions on three monographic topics. The association called on the various special groups to arrange for the study of the main substance of this symposium in order to promote the theoretical research by people in accounting circles in Shanghai.

According to Professor Lou Erxing, the three monographic topics discussed in the symposium were: 1) the way for accounting to meet the requirements of the system of economic responsibility; 2) the theory of auditing and the question of setting up an auditing system; and 3) the "Accounting Law" now being drafted. He said that these three topics were of fairly great theoretical and practical significance and would in future produce a profound influence on accounting work, accounting education, and accounting academic research. Then he proceeded to talk about the discussion on these three monographic topics separately:

I. On the Theory of Auditing and the Question of Setting Up An Auditing System

The meeting first invited Comrade Zhang Haitao [1728 3189 3447] of the preparatory group for the State Auditing Organ to talk about the experiences of the preparatory group in conducting investigations abroad, about the idea of establishing auditing organs in our country and a series of theoretical questions that should be studied. The participants at the meeting reviewed the ups and downs of the economic supervisory system experienced since the founding of the People's Republic, and unanimously agreed that all the

systems gradually set up during the period of national economic recovery and the First Five-Year Plan, such as the checking and supervision by the accounting departments in the units, the financial supervision by the banks as part of their business activities; the financial supervision by the tax departments as part of their business activities, and the supervision in various forms by the departments of planning, statistics, pricing, material supplies and so forth, have played their promotional role on socialist economic construction. Unfortunately, under the guidance of the "leftist" ideology in economic work since 1958, we have not only failed to gradually improve these economic supervisory systems and turn them into a complete and unified socialist economic supervisory system, but also seriously weakened them. Thus for a certain period of time, there was chaos in our national economic management resulting in tremendous losses and waste, and hampering the normal development of socialist economic construction. At the end of the 1950's, many comrades had recognized the serious consequences of the weakening, or even abolition, of economic supervision, but soon came the "10 years of turmoil" during which, "class struggle" superseded all other things. The system of economic supervision, which should be indispensable for socialist economic construction, was totally negated and then repudiated as being capitalist and revisionist in nature. Thus the national economy suffered even greater and more serious losses. This is a very painful lesson for us.

During the discussions, the participants particularly studied the following five questions:

(1) The necessity of developing the work of accounting. Everyone agreed on the necessity of accounting under the present economic conditions in view of the economic restructuring and the need to crackdown on economic crimes. On this question, there were generally two basic views.

1. The need for the establishment and improvement of the socialist economic supervisory system should be recognized on the plane of the building of state political power. Lenin time and again stressed the great significance of accounting and control, and even sharply pointed out: "Without comprehensive state accounting and control of the production and distribution of goods, the power of the working people, the freedom of the working people, cannot be maintained, and a return to the yoke of capitalism is inevitable." ("Selected Works of Lenin" Vol 3, pp 506-507, People's Publishing House, 1972 edition) Our experiences in economic construction since the founding of the People's Republic have proved Lenin's thesis to be entirely correct. The political power of a socialist state has the function and duty of controlling the national economy. In order to develop smoothly the national economy in a planned and proportionate way, to strengthen the economic management of socialist mass production and to improve the economic results, the establishment of a scientific, authoritative and efficient economic supervisory system along with the building of the political power of a socialist state is entirely necessary.

2. The establishment and improvement of a socialist economic supervisory system and the setting up of an auditing organ and an auditing system are all determined by the contradictions which objectively exist in the development of socialist economy. Ignoring the need for economic supervision essentially

means ignoring the existence of various contradictions which exist at all times in socialist economic life. Practice since the founding of the People's Republic has shown that socialist national economy is a unity of various contradictions including the contradictions of economic interests among the state, the collectives and the individuals; among the individuals, among different localities and among different departments; and other contradictions between planned regulation and market regulation, between value and use value, between accumulation and consumption, between speed and result and so forth. The establishment and continual improvement of a socialist economic supervisory system will be helpful in resolving various contradictions, in reconciling the conflicting view on the nature of these contradictions, in looking for the proper channels and methods of resolving them even with effective intervention, whenever this is necessary, in order to overcome or prevent their harmful effects and to promote the smooth and healthy development of the national economy.

(2) The idea of auditing. There were three different views on this point at the meeting:

One of them was that auditing means the checking of accounts. It is a form of supervision after the work of accounting. Instead of being connected with economic policy decisions, it only detects errors and exposes malpractice. It exercises its function only after the accounting work.

Other comrades held that auditing means more than the checking of accounts. The scope of modern auditing has been expanded to include the supervision of the whole process of enterprise management and various aspects of social economic activities, and the checking of accounts is only a part of auditing work. In point of time, there are preauditing, simultaneous auditing and post-auditing. In addition to supervision and checking, it also takes part in policy decisions; and in addition to detecting errors and exposing malpractice, it also helps to strengthen economic management and improve economic results, and the latter is the main goal of auditing.

Still other comrades held that auditing is part of accounting. Auditing was born with the work of accounting, and it has grown up along with the growth of accounting. Therefore, there is no essential difference between them. Auditing is based on accounting data, and the control over the economic activities (mainly financial receipts and payments) of units is but a further development of accounting supervision. Its purpose is to supervise the implementation of party principles, policies and plans by the enterprises; and to check on the enterprises' economic activities to find out whether these activities are legal or illegal and whether accounting is playing its preventive and constructive roles to the full.

(3) The relationship between auditing and accounting. There are three representative views on this point:

The first view held that auditing and accounting are two different sciences. Accounting is a system of economic information and has a constructive character; while auditing means checking, and has a critical character.

The second view held that, accounting in a broad sense should include auditing, and that the function of auditing is but a part of the function of accounting. The supervisory function of auditing is also a further development of the supervisory function of accounting. Therefore, auditing cannot be independent and outside the scope of accounting.

The third view held that auditing and accounting are mutually supplementary and should develop side by side. The method of recording entries and the system of accounting to a certain extent determine the development of auditing, while the guidelines for auditing are also the guidelines of accounting. However, those holding this view pointed out, there must be division of work between auditing and accounting, and the methods used by the two are not the same.

Some comrades further pointed out that auditing needs accounting since the latter is the foundation of the former. They also strongly pointed out that it is wrong to think that accounting is the target of auditing, with auditing in the position of a "judge" and accounting in the position of a "defendent." It must be noted that since ours is a socialist society based on the system of public ownership, the accountants of all economic organizations and administrative institutions are workers of their units, and in their duty performance, they must think of and protect their units' economic interests as well as exercise the power given them by the state in implementing the state's financial and economic policies, decrees and systems and protecting state interests. An important principle which socialist accountants must bear in mind is to correctly handle the interests of both the state and the units so that they will become harmonious and identical.

Now the discussion came to the relationship between auditing supervision and the other forms of economic supervision. Some people held that financial supervision, tax supervision and banking supervision, including accounting supervision, are all auditing supervision. Others did not agree. They held that auditing supervision can neither include nor replace special supervision which is carried out with a specific purpose in a specific line of business. It should be a powerful assistant of auditing supervision. This is particularly true when the auditing organ is newly established. Two tendencies should be guarded against: first, the weakening or abolition of other forms of special economic supervision because of the establishment of state auditing organs or auditing systems; and second, putting state auditing above, or even setting them against, other forms of special supervision. At present, especially, the development of state auditing is restricted by objective conditions with regard to either personnel or experience. The other forms of economic supervision, however, have organizationally formed systems of their own. With large numbers of cadres in their service, these systems have accumulated practical experiences and adopted practical work methods consistent with the realities in our country. Under these circumstances, it is even more necessary for us to bring into play the various economic supervisory facilities and to use the strict and authoritative auditing of the state to support and help the other economic supervisory departments in the performance of their duty. Many comrades strongly felt that the stipulation in the Draft of the Revised Constitution of the PRC that the main responsibility of auditing is "to audit and supervise the financial work, the revenues and expenditures of the

governments at various levels and of the financial and monetary departments and enterprises and institutions under them" should be interpreted in the positive sense that auditing should supervise the financial work, the revenues and expenditures of the financial and monetary departments, and the accounting department of the enterprises and institutions. Besides the rationality--which implies supervision--of the business activities of these departments themselves, we should also be aware that the supervision of auditing should help to support these departments in exercising their own supervisory function.

(4) The question of setting up an auditing system in our country. In this connection, everyone agreed that the following basic principles should be observed: In auditing, the relevant policies must be upheld; organizationally, auditing should be independent; in examining and evaluating the work to be audited, there must be objectiveness; in dealing with problems, there must be authority; and in working, there must be a mass basis.

The participants also expressed their views in two aspects:

1. We should critically assimilate the auditing theories and practical experiences of the Western countries, the Soviet Union and the Western European countries and realistically carry out some monographical research so as to gradually form our own auditing theories and systems of methods.
2. We should consider the actual situation of accounting in our country, and, in the early stage of the development of auditing work, we should not be hasty or make excessive demands. Between financial auditing and management auditing, financial auditing should take the lead; between preauditing and postauditing, preauditing should take the lead; and between internal and external auditing external auditing should take the lead. Thus management auditing, preauditing and internal auditing should be the orientation of development in auditing work. They should be gradually developed as the conditions are gradually prepared.

The comrades stressed that in order to meet the requirements of auditing theories and the auditing work, we must pay particular attention to the training of personnel and the research in the theories, methods and systems of auditing. Since the auditing personnel should have rich practical experience and a fairly wide range of economic and business knowledge, some comrades suggested that the schools running special courses for auditing should enroll more students from the ranks of in-service cadres. To train qualified auditing personnel as quickly as possible, there is an urgent need now to compile teaching materials for auditing--material that link theory with practice. Other comrades suggested that the preparatory groups for state auditing organs should do their organizational work well in this respect. Still other comrades suggested the study of case history as an aid to the training of auditing personnel.

(5) The question of establishing auditing systems and organs. There were three tentative plans in this respect.

1. Some comrades suggested a system of many channels in coordination. The auditing departments will be responsible for the state budget and final account; the ministries of the State Council will be responsible for the enterprises and institutions directly under the central government; the local departments in charge will be responsible for the local enterprises, and will report to the state auditing organs on the situation and problems in their auditing work.

2. Some comrades strongly suggested that before establishing an auditing system, the internal auditing supervision of enterprises should be first strengthened. They held that external auditing can only be selectively carried out, and should be based on internal auditing.

3. The third suggestion was that in the State Council, there should be an auditing council; in the provinces, municipalities, autonomous regions, and various ministries under the State Council, there should be branch auditing councils which should be under the direct leadership of the auditing council; and in counties (municipalities and various bureaus and departments at the provincial level, there should be auditing offices under the branch auditing councils. This system should guarantee the independence of auditing work.

There were different views on the chain of command for the auditing organs. Some comrades held that since these organs form a department in the State Council, it would be preferable for them to be under the leadership of the State Council in view of the fact that the State Council leads all economic work throughout the country. Many other comrades suggested that these organs be under the leadership of the NPC Standing Committee, while the auditing departments inside the enterprises be affiliated to the workers' congresses.

II. Discussion on Drafting "Accounting Law"

Comrade Yang Jiwan [2799 4764 3834], vice president of China Accounting Association and director of accounting control department under the Ministry of Finance, reported before the meeting on the adoption of the draft of "Accounting Law." He gave a detailed description of the intent, principles and contents of the legislation for accounting law. The report consisted of three parts:

(1) Why should there be "Accounting Law"? Comrade Yang Jiwan said that the need to strengthen the legal system in socialist economic control is based on an important experience gained in more than 30 years. Experience has proved that accounting is an important component of economic management. The more developed the economy, the more important accounting will be. However, there are still many problems in actual work. The situation is quite serious because some accounting figures are not real and accounting supervision is not strict enough for the following reasons: First, the position of accounting work in economic management has not been affirmed and not been duly appreciated. Since it has not been recognized by state laws, many comrades do not accept it. Second the normal procedures of accounting work are not legally guaranteed, and the administrative rules and regulations guaranteeing such procedures are usually attacked or disrupted at various quarters. Third,

the accounting personnel do not have the necessary legal protection in the performance of their duty to the state. Therefore, the purpose of the drafting an accounting law is to legally affirm the position of accounting work and to protect the accounting personnel in the performance of their duty in order to guarantee the normal function of accounting, to develop the role of accounting, and to promote socialist economic construction. This is the first basic content of the "Draft."

(2) Several principles behind the "Accounting Law":

First, the "Accounting Law" should be the "cardinal law" in accounting. As the basis of all accounting work and the accounting system, it can only deal with the important principles and the other questions which must be affirmed in legal forms. Other questions of a general nature can only be dealt with in the form of regulations and systems.

Second, it should fairly accurately pinpoint the main problems in current accounting work. Besides providing the general principles which would show accounting as a complete system of its own, it should particularly point to the present important problems urgently requiring solution and set the specific rules and regulations.

Third, while affirming and inheriting the successful experiences and effective rules and regulations used in accounting since the founding of the People's Republic, it should at the same time introduce some new measures consistent with the development of the situation.

Fourth, in the event of differences of opinions and theoretically controversial questions, it should rule in favor of what will help in the work going on now and at the next stage. The implementation of these rulings will be compulsory. However, stipulations in the law do not mean an end to the controversy. As theoretical questions, they can continue to be discussed among the academic circles.

(3) The main contents of the law of accounting. Comrade Yang Jiwan listed the following 10 main items:

1. The basic principles which must be observed in accounting work. After a review of past experiences, the draft clearly points out the need to uphold policies and the need for truthfulness, mass cooperation, unity and the practice of economy as well as the need to stress economic results.
2. The concept and tasks of accounting. There are still disputes on this question. The draft contains an explanatory paragraph for the purpose of ascertaining accounting as an important component of economic management and broadening the sphere of accounting work. On this basis, it has set four specific tasks for accounting. These tasks can be grouped under the categories of "reflection, supervision and participation" which represents a step forward in understanding accounting and in suiting the requirements of the age and the current situation.

3. The persons for whom the "Accounting Law" is intended. All laws are intended for certain persons, and the law of accounting is no exception. After repeated discussions, it was stipulated in the draft that to do a good job in accounting is the common duty of the workers and staff members, including the leading members, of all units.
4. The system of management in accounting, mainly including management of accounting work, accounting systems, and accounting personnel. Since the founding of the People's Republic, accounting has always been under the charge of the finance departments; however this has so far not been confirmed in documents. Now it is confirmed in a legal form. Many comrades were in favor of a unified control of the accounting personnel by the Ministry of Finance. However, in consideration of the fact that this arrangement will not be consistent with the economic restructuring, the draft has to follow the stipulations in the "Rules and Regulations for Accounting Personnel" proclaimed by the State Council.
5. The question of ensuring the truthfulness and reliability of accounting figures. The truthfulness and reliability of figures are the most important and rudimentary requirement in accounting, and this problem is a very serious one at present. Therefore, the accounting law separately provides three clear stipulations on accounting verification, accounting discipline and accounting supervision.
6. Accounting supervision. The "Draft" has incorporated the concept of differentiation between accounting supervision and auditing supervision and accordingly stipulates three different forms of accounting supervision: internal supervision in units, supervision by the departments in charge within a system, and external supervision by government finance, taxation and banking.
7. The chief accountant. The "Draft" stipulates the appointment, conditions and dismissal of the chief accountant, as well as his authority and responsibility. There have been different views as to whether this chapter should be included. After repeated study, the chapter is included.
8. The accounting organs and their personnel. The "Draft" includes such a special chapter to ensure the good organization of accounting work.
9. Reward and punishment. There are stipulations on reward and punishment for units or individuals, and in particular, the stipulation on severe punishment for accountants who violate the law which they implement. This shows the strict demand on the accounting personnel, and this demand serves a specific purpose.
10. The legal terms to be used in the accounting law. The "Draft" stresses the need for legal terms which should be the same as those used in the laws already proclaimed.

Professor Lou then summarized the views on the "Accounting Law (Draft)" in seven different aspects.

1. Evaluation of the "Draft." One view was that it is basically suitable for our national conditions, and that the problem hereafter is its implementation. However, more comrades held that although the "Draft" represents a great improvement, further revision is still needed since it is not mature enough.
2. The way of revision. There were two different views on this point. A small number of comrades would like to have as many rules and regulations for accounting included in the accounting law as possible; but the view of the majority was that the accounting law can only embody the major principles, while the specific articles should be included in the rules and regulations.
3. The relationship between auditing and accounting supervision. Some comrades concurred with the stipulations in the "Draft", but the majority of them felt that failure to set right this relationship was the most serious weakness of the "Draft." Their line of reasoning was that since auditing is a component or a branch of accounting, the exclusion of auditing in the "Draft" was obviously inadequate. Furthermore, since the final goals of accounting and auditing are identical, they had doubts on the use of the term "accounting supervision." In actual work, there may be an order of priority for preauditing and postauditing, internal auditing and external auditing, financial auditing and business auditing; however, as a cardinal law in accounting, some room should be left for future development.
4. The task of accounting. Some comrades did not agree with the task as set forth in the "Draft", feeling that the task of accounting should be the basic demand on the practice of accounting. They believed that the task should (1) help in the fulfillment of plans and budgets; (2) strengthen the system of economic responsibility and improve the economic results; (3) readjust the economic relations and strictly enforce the financial law; and (4) keep socialist property safe and intact and use it to the best advantage.
5. The articles in the former part and those in the latter part being disjointed. Some people pointed out that although the function of control by accounting is clearly mentioned in the preamble, the several chapters in the latter part do not mention any such requirement, because they only deal with "reflection and supervision" but not "participation."
6. The question of reward and punishment. Many people held that since it is the duty of citizens to uphold state laws, there should be no reward to speak of. Others held that there should be reward and punishment in order to show support for those who abide by the financial laws and keep up their struggle against illegal deeds. Still other comrades had dissenting views on the severe punishment for those who violate the law they themselves are supposed to implement and on the severe punishment which includes the revocation of technical titles as stipulated in the "Draft."
7. The question of terminology and its use. Some comrades pointed out that although the concept of the use of terminology as stipulated by law still permits further discussion, it will produce serious effects on the compilation of teachings materials and academic research. Therefore, they suggested a cautious approach in the use of such controvertible terms as "accounting verification." Other comrades pointed out the use of such weak terms as "should" or "ought to" in the text of the "Draft" and hoped to see further discussion on this point.

III. On the Question of Adapting Accounting to the Requirements of the System of Economic Responsibility in Various Trades and Undertakings

Discussions at the meeting centered around three questions: the question of the system of economic responsibility; the question of relationship between the system of economic responsibility and the system of economic accounting; and the question of how to adapt accounting to the system of economic responsibility.

As to the relationship between the system of economic responsibility and the system of economic accounting, there were basically three different views: The first view was that there is no difference in principle between them, since they are both guided by planning, and their common goal is to improve the economic results and to combine responsibility, rights and interests into an organic whole. If there is any difference at all, it is only that the system of economic responsibility stresses "responsibility" while economic accounting stresses "accounting". The second view was that between these two systems, the major premises are the same, despite some minor difference. There is not much difference in the economic relationship which they embody or in their methods and goals. These are the major premises which are identical. The minor difference is that during the economic restructuring, the system of economic responsibility is an intensification and development of the system of economic accounting. In the past, economic accounting was confined within the enterprises, while the system of economic responsibility concerns the economic responsibility in the enterprises as well as the state. The third held that even though they are identical in certain respects and are interrelated; and each one is the condition of the other, they are not entirely the same. They believed that the system of economic responsibility is the outcome of social division of work, and the main purpose of the system of economic responsibility is to solve the problem of confusion of communism with egalitarianism, as a result of which every person would have his claim on the "public." This system clearly specifies the economic responsibility shared between the state and the enterprises and inside the enterprises. Economic accounting is only used as a method.

As to the way to adapt accounting to the system of economic responsibility, Professor Lou Erxing summarized the views expressed during the discussions at the meeting under seven categories:

1. Establish and strengthen the system of cost control and pay attention to the work of cost forecast, cost management, cost planning and cost analysis as required by responsibility accounting; set up responsibility accounting of Chinese style; and form a production cost center.
2. Carefully attend to the work of recording and calculation. Every necessary facility must be provided for accurate cost calculation and profit calculation so as to remedy the defects of unreal accounting figures.
3. A system of internal verification should be quickly set up. The large and medium-size enterprises should have special verifications; in small and medium-size enterprises, the work of finance and accounting personnel can be verified by one another.

4. Financial control should be strengthened; the breakdown of indices should be carefully attended to; funds and production costs should be controlled by the relevant departments; and the work of specialized analysis and mass analysis should be well handled.
5. Strengthen the accounting organs with sufficient accounting personnel, and determine the correct proportion of finance and accounting personnel to the total personnel.
6. Quickly compile and publish the "Accounting Law" and set up the auditing system.
7. Step up the training of accounting personnel so as to quickly raise their professional level; and make great efforts in carrying out political and ideological work and in the fostering professional ethics. At the same time, it was suggested that accounting courses be added to the curricula of universities and specialized colleges, and that the enrollment of students for special accounting courses be enlarged.

9411

CSO: 4006/176

FINANCE AND BANKING

NINGXIA ANNUAL REVENUE PLAN OVERFULFILLED AHEAD OF SCHEDULE

Yinchuan NINGXIA RIBAO in Chinese 15 Dec 82 p 4

[Article by Shen Ruiqin [3088 3843 4440] of Budget Department: "Revenue Plan for Our Region Overfulfilled Ahead of Schedule"]

[Text] By the end of November, the annual revenue plan was already overfulfilled by 4.8 percent in our region. There was also an 11 percent increase over the same period last year. Yinchuan, Pingluo, Yongning, Zhongning, Guyuan, Wuzhong, Helan, Yanchi, Jingyuan, Taole, Longde and Xiji had fulfilled their municipal or county revenues according to the annual budget, while the municipalities and counties of Shizuishan, Qingtongxia and Haiyan overfulfilled their revenue plans 1 month ahead of schedule.

This year, this region has been able to overfulfill its revenue plan mainly because, through readjustment in industry, production has taken a turn for the better, the market has become brisk, the channels of commodity circulation have been expanded, and the economic results have been improved. According to statistics, in the first 10 months of this year, the total industrial output value and the retail sales volume increased by 14 percent and 8 percent respectively over the same period last year.

Industrial and commercial taxes have accounted for more than 95 percent of the total revenues in our region. By the end of November, the annual plan of industrial and commercial taxes had been overfulfilled by 4.34 percent, an increase of more than 15.6 percent over the same period last year. The revenue was increased by 17.37 million yuan. Tax revenues from the main taxable items in metallurgy, machinery, chemistry and rubber products were increased by 6.9 million yuan over the same period last year. Aside from the improvement in industrial and agricultural production, the fine results of industrial and commercial taxation were attributed to the efforts of the tax cadres in the region in strengthening the management of tax collection, in conducting tax registration and the checking of taxes and profits extensively, and in expediting the payment of taxes and the handing in of profits to the treasury. As a result, the amount of overdue taxes this year was reduced by 48 percent below last year.

9411

CSO: 4006/183

FINANCE AND BANKING

ANNUAL FINANCIAL REVENUE PLAN OVERFULFILLED IN JIANGSU

Nanjing XINHUA RIBAO in Chinese 15 Dec 82 p 1

[Article by Su Caiyu [5685 2088 5940]: "Annual Revenue Plan Overfulfilled Ahead of Schedule in Our Province"]

[Text] On 10 December, the annual plan of financial revenue for the whole province was already overfulfilled, showing an increase of 6.4 percent over the same period last year. Eight out of the 14 prefectures and municipalities have fulfilled or overfulfilled the revenue tasks assigned by the provincial government. The performances of Suzhou, Zhenjiang, Xuzhou and Huaiyin were all very fine.

There are three main reasons for the gratifying situation in our province: First, the increase in production and improvement of economic results. All sectors of the national economy and all enterprises have treated economic results as the main goal of economic work, upheld the unity of speed and benefits and adopted effective measures to develop the production of easily marketable goods and to expand the scope of their services. They also achieved certain success in reorganizing the enterprises, improving and perfecting the system of economic responsibility among them, bringing about an all-round improvement in production and management and lowering consumption and production costs. Second, the experiment of the province in the financial system of the "proportionate sharing of all revenues" among the prefectures, municipalities and counties. The party committees and governments at all levels have provided more active leadership over financial work and aroused the enthusiasm of all departments in financial management and in increasing revenues and curtailing expenditures. Third, the finance and tax departments at all levels have paid attention to the way to acquire, accumulate and use funds and have done a great deal of work in trying to increase revenues and curtailing expenditures. At the same time, they have carried out fairly extensive and intensive financial inspections among the enterprises along with the work of tax registration and tax reports, improved the system of tax administration, and strengthened the foundation of financial management for the enterprises so as to guard against any form of tax evasion.

9411

CSO: 4006/183

INDUSTRY

INSTALLATION OF SINO-FRENCH COMPUTER PRODUCTION LINE NOTED

Guangzhou GUANGZHOU RIBAO in Chinese 30 Oct 82 p 1

[Article by reported Ma Guining [7456 2710 1380] and correspondents Li Fengchun [2621 7685 2504] and Li Wanshen [7812 5502 8590]: "Hua'nán Electronic Computer Project Accelerated--First Electronic Computer Production Line is Imported from France; Engineers and Technicians from Nine Provinces and Municipalities Participate in Setting Up; Product Can Handle Ten Types of Operating Systems, One Million Instructions, and Execute One Million Operations Per Second"]

[Text] Inspired by the spirit of the 12th National Party Congress, one of China's largest electronics industry enterprises--the Hua'nán Computer Corporation--is speeding up construction in Guangzhou. On 11 October this corporation began installing China's first electronic computer production line, imported from France, at its Guangzhou Electronic Computer Plant.

In April 1981 the Hua'nán Computer Corporation was established in Guangzhou with the approval of the State Planning Commission and the State Machine Building Industry Commission. The Hua'nán Computer Corporation, together with its Guangzhou Electronic Computer Plant and the Guizhou Nanfeng Machinery and Equipment Plant, which is under the Ministry of Electronics Industry's Central Bureau of Computer Industry, will manufacture the Suola-16 Series electronic computer as a complete system. Investment funds have been provided by central and local authorities.

The Suola-16 Series electronic computer is a minicomputer which is used internationally at present. It has extensive capacity for serial overlaying, high speed of operation, powerful processing capabilities, and a high throughput rate. It is easy to use and there is plenty of software. Nine computer languages and ten operating systems can be used on it; it can handle altogether one million instructions and execute one million operations per second. This type of minicomputer can be used for industrial control and automation, transportation control, scientific calculation, and in such fields as education, medicine, banking, commerce, and management. It has many functions and uses, and will have many applications in China. When this imported electronic computer production line begins operation it will soon produce 150 computers annually: this planned capacity is equal to the total annual production of minicomputers in China at present.

A few days ago this reporter went to the assembly building of the Guangzhou Electronic Computer Plant where the Suola electronic computer assembly and debugging line is being installed: I could see that the project is proceeding quickly. I was told that this building has five floors of 816 m² each. There are six principal shops: receiving and inspection of components, receiving and inspection of peripheral equipment, manufacture of plug-in units and cables, parts debugging, general debugging, and data copying. Each shop has been set up to meet the requirements of modern production: the surroundings are pleasant and comfortable. The shops have regular plastic flooring, walls are insulated, and the air conditioning system regulates temperature and humidity and purifies the air: this creates a clean and quiet environment for the production of high quality computers. Zhang Jiajun [1728 0159 7486], director of the corporation, told this reporter that scientific and technological modernization is the key to the magnificent goal of "quadrupling" put forward by the 12th National Party Congress. This has been an inspiration and encouragement to the staff and workers who are participating in the electronic computer manufacturing project. At present the speed of the entire construction project is being greatly accelerated. French engineers and technicians continue to come to the factory to assemble equipment and give technical guidance.

The builders who have joined in this imported project come from nine different provinces and municipalities. Some are engineers who have worked in the computer industry for over 20 years and are rich in experience; some are technically proficient older workers; and others are young people who have just graduated from institutions of higher learning. They are resolved to work together with the French engineers and technicians and build this production line quickly and well.

12187

CSO: 4006/155

INDUSTRY

SUCCESSFUL INTEGRATED CIRCUIT PLANT DESCRIBED

Lanzhou GANSU RIBAO in Chinese 7 Nov 82 p 2

[Article: "A Golden Phoenix Soars Out of a Mountain Gully: Tianguang Integrated Circuit Plant Makes a Major Contribution to the Development of the Electronics Industry--An Exemplar Introduced at the Gansu Province Model Workers and Advanced Units Representative Conference"]

[Text] In September 1981 the Tianguang Integrated Circuit Plant began to develop high speed, low power-loss integrated circuits. By June 1982 tests had been completed on 28 types of products: technological capabilities had reached the standards of advanced foreign technology, and a gap had been filled. At the same time 22 new kinds of super high speed integrated circuits had been manufactured on a trial basis. Recently the final designs for 50 products in both series were approved and mass production has begun.

The appearance of these two new product series at the Tianguang Integrated Circuit Plant will help to supply the equipment needed for computers which can perform 100 million operations per second, as well as laying a foundation for the development of new series of large and intermediate types of computers. It will have major significance for the development of China's military computer equipment, especially for uses in aviation, guided missiles, and satellites.

Resolve to Blaze New Trails; Scale the Peaks of Electronic Technology

The Tianguang Integrated Circuit Plant was originally a microwave semiconductor plant. The enterprise lost money year after year because of many problems with equipment and technology, poor communications, lack of information, poor conditions for cooperation with other units, etc. Some people asserted that "golden phoenixes don't fly out of mountain gullies." However, the cadres, staff, and workers of the Tianguang Integrated Circuit Plant, imbued with a deep sense of responsibility toward their undertakings, resolved to make improvements, struggled to forge ahead, decided to go ahead with trial production and produced product series which meet advanced international standards and which are urgently needed in China.

At the end of 1976 they started trial production of ECL super high speed integrated circuits which are urgently needed in China. Cooperating units dared

not accept [for production] over a dozen types of products because the technology was quite complex and involved many difficulties. Altogether seven plants were engaged in trial production at the same time as the Tianguang Integrated Circuit Plant. Some of them looked down on this mountain gully factory. The plant's cadres and workers were not discouraged: after a year of hard work they produced some samples. In October 1979 the designs for 21 products were approved by the Ministry and mass production began: these products became the product list of the plant. For the first time the plant turned over some profits to the state. This success greatly encouraged the staff and workers of the entire plant and strengthened their resolve to make further improvements.

In 1981 the chief engineer of the Tianguang Integrated Circuit Plant went to the United States to investigate. He discovered that since the middle 1970's there had been very rapid development of high speed, low power-loss circuits (LSTTL) in the United States. These circuits had only one fifth the power loss and twice the speed of the TTL circuits in general use in China. Foreign countries have banned the export to China of this kind of circuit, especially circuits with high performance indices, because they can be used in military electronic equipment. For this reason many users in China have been looking forward to the appearance of Chinese made LSTTL circuits. A trial production team was quickly organized under the direct control of the plant director and the chief engineer. They analyzed the data, worked out plans, and devised a technological strategy: they emphasized the key technologies and step by step overcame the difficulties involved with thin epitaxial growth, shallow junctions, fine interconnection lines, low temperature performance, high resistance, etc. Within less than two months they had built a prototype which met the technical standards of the well-known U.S. corporations; then they began trial production. At the National Key Industries Coordination Conference in December 1981, the Tianguang Integrated Circuit Plant signed agreements to supply all who needed this type of circuit.

After several years of hard work the Tianguang Integrated Circuit Plant is now on the road of healthy development. In the second half of 1982 they organized mass production of some products which are urgently needed in China.

Lay a Firm Foundation and Do Solid Work

From start to finish the Tianguang Integrated Circuit Plant combined the revolutionary spirit of daring to scale the highest peaks, the scientific attitude of seeking truth from facts, and solid work. In the last few years they laid good foundations in the following areas of their work: First, they revised their organizational structure. Originally the plant organization had a big head and small body. The proportion of personnel in the main production departments to the auxiliary departments was 1 to 1. There was a surplus of machinists and a serious shortage of assemblers. In order to change over to new products it was necessary to perform some surgery in this area. Three series of cuts were made: five machine shops were cut down and merged, and superfluous personnel were reassigned to the circuit production shops. Afterward the proportion of personnel in the main production departments to the

auxiliary departments was 2 to 1. The four workshops brought out three new products, showing that these were indeed effective measures. At the same time the production departments were divided into a new product research center, and such production categories as cutting, grinding, and polishing, fabrication of sleeving and core, encapsulation, etc., thereby forming experimental units of a more highly specialized nature. Narrowing the scope of management in each of the production units and concentrating tasks in this manner facilitated the implementation of specialized controls and the improvement of work efficiency. Second, they transformed the key technologies. For several years this plant has built its own diffusion furnaces, clean work benches, and more than 600 pieces of testing equipment of all kinds. They were thorough in tapping potentials within the plant, and were able to ensure the trial production and manufacture of the new products. Now they have also begun to upgrade 14 production lines within the plant: upon completion the rate of finishing products will increase about 30 percent. This year eight lines have already been upgraded; it is estimated that the task of upgrading the other six lines will be completed in the second quarter of 1983. This will lay a firm foundation for the industrialized manufacture of many kinds of products in large quantities. Third, they did good work to ensure a clean production environment. They maintained high standards and strict rules, spending over a year to upgrade a 600 m² clean workshop. The first stage of this clean workshop involved cleaning up the work spaces. The second stage of cleaning up large floor spaces began by making use of the machine shops which had been vacated as a result of reorganization. In June 1977 the goal of bringing two production shops into the clean workshop was attained. At present, the third stage of large scale clean room reconstruction is under way, promising even better results. Total floor surface will be over 3,000 m². Construction and the degree of cleanness are advanced by current Chinese standards. Fourth, a comprehensive quality assurance system was established. They held to the management philosophy of "the customer is the boss," and made the meeting of customer needs the ultimate aim in their pursuit of quality. They implemented reliable controls, beginning with the design phase. At the same time they made "customer visits" a part of the work process, initiated measures for "reliability" in the work process, and conscientiously strengthened quality control in the production process. Fifth, they adopted and employed new technologies to ensure that the quality indices of the new products would attain an advanced level.

By working hard to lay good foundations over the last few years, this plant has won a reliable guarantee of attaining its goal of changing its product line.

Boldly Make Use of Middle-aged and Young Intellectuals

The Tianguang Integrated Circuit Plant has a technical contingent of over 100. They are all graduates of universities and secondary vocational schools who have been nurtured by the party since liberation; the great majority are middle-aged and young intellectuals who graduated in the late 1960's. The leading group of the plant learned through practice that they must take a strategic approach to the employment of technical personnel: they say that the technical personnel had a spirit of complete dedication to fighting for China's four modernizations, and that it is necessary to completely trust and boldly make

use of them. Technician Wu Yuanqing [0702 6678 1987] graduated from university in 1963; he studies hard and does outstanding work. Responsible for making technical and design diagrams for the new products, he fears neither difficulty nor weariness, and seeks neither fame nor fortune. His achievements have been conspicuous. When the plant leadership discovered his talents, they first sent him to the front lines for tempering and gave him a heavy work load. In 1979 he was promoted to assistant chief engineer. In 1980 at the age of 39 Wu Yuanqing was promoted to assistant director of the plant and chief engineer. Twenty-nine of the 32 middle level cadres promoted since the Third Plenary Session of the 11th Central Committee have been technical personnel. At one time the Tianguang Integrated Circuit Plant was looked down upon by others; they thought that the technical personnel of this mountain gully plant were all "nobodies." But the plant leadership saw that they had vitality, would study hard, were neither superstitious nor conservative, and would dare to create something new and climb higher. With this as their foundation, they nurtured a crack technical contingent, enhanced the technical quality of staff and workers, and made this the main strategic principle for the enterprise. With increasing technical capabilities and hard struggle, confidence in their ability to scale peaks became even stronger.

With the combined efforts of everyone, above and below in the plant, an entirely new and unprecedented situation appeared in construction for production: out of the mountain gully soared a "golden phoenix." Through September 1982, the gross value of industrial production reached 235 percent of the amount planned for the year; output reached 223 percent of the amount planned for the year; and profits reached 2 million yuan, which is 125 percent of the amount for which the plant is accountable.

12187

CSO: 4006/155

INDUSTRY

GAO YANG DISCUSSES HEBEI INDUSTRIES' COMPETITION

HK030346 Shijiazhuang HEBEI RIBAO in Chinese 22 Dec 82 p 1

[Report: "Conducting Investigation and Study in Handan Municipality, Provincial CPC Committee First Secretary Gao Yang Puts Forward Five Views on How Medium and Small Industries Should Develop Through Competition"--passages within slantlines published in boldface]

[Text] Comrade Gao Yang, first secretary of the provincial CPC committee, recently conducted an investigation and study in Handan Municipality on the problem of readjustment, reconstruction, reorganization and upgrading of medium and small industrial enterprises. He visited 10 factories, mines and enterprises to understand their production, supply and sales. He held five report meetings attended by responsible comrades of the municipality, bureaus and factories concerned. On the basis of mastering a great quantity of firsthand data and making analysis according to the 12th CPC Congress spirit, he talked about five problems concerning the development of small and medium industrial enterprises in a cadres meeting held in Handan.

/1. We should further reduce blindness and enhance our consciousness./ After analyzing the importance and role of medium and small enterprises, Comrade Gao Yang said: The present economic situation and people's mental attitude in our province are different from those of 4 years ago. However, the people's method of thinking lags behind subjective reality, which has undergone changes. At the beginning, self change is forced and lacking in consciousness. Our economic work is at just such a stage. The thinking of some comrades is still at a past historical stage. At present, many products are facing the test of choice by consumers and the market has been gradually turned into a "buyers' market." Nobody wants to buy high-priced, low-quality goods. Under such new circumstances, comrades in charge of management on the economic front should read political and economic books, newspapers and periodicals on economic information in order to broaden their thinking and promptly readjust production according to the market changes.

All factories should learn something from their history of hard struggle. The most important thing for them to do is to integrate the spirit of hard struggle with a scientific attitude. Only thus can they succeed. If they only talk about needs without paying attention to possibilities, or talk about output alone without paying attention to quality and costs of production or only know that they can produce some goods, but disregard that some other factories can produce the same goods but of a better quality, they will make a mess of things. We are now facing a new situation of production and consumption. At all times we should

enhance our consciousness and reduce our blindness. We should on no account do those foolish things of carrying out production of certain items without conducting investigation and study.

/2. All trades and services should classify their products and formulate their plans for development according to those classifications./ Comrade Gao Yang maintained that before making any classifications, they should, first of all, know the standing of their products on the market. He pointed out: In general there are three kinds of products. The first kind is products sold on local market, including those which are not suitable for long-distance transport, or local products, or some daily necessities used in particular areas. It is easy to investigate the marketing of such products. We will have a main idea as long as we visit some places to ask the customers there. The second kind is products sold on the market throughout the country. Great efforts should be exerted in order to know the production of such products at home, the general situation of sale, the trends of development and our ways of dealing with these matters. If certain factories are qualified to take part in the competition, they should promptly improve their facilities and enhance their technological level. Otherwise, they should switch to the production of those competitive goods in order to survive and develop themselves. The third kind is products sold on the international market. At present, we are mostly producing low-grade products. We should realize our advantage of having abundant manpower and raw and processed materials. On the other hand, we should also realize that our products are sold at low prices. We should do our best to produce goods which conform to the international standard and export more medium- and high-grade products and enhance the competitiveness of our products on the international market.

Management organs should organize the work of conducting investigation and study. In this respect, small factories might have difficulties. Big factories of the same trade and management organs should help them. Comrade Gao Yang stressed that we should conduct investigation and study. Otherwise, we will blindly carry out our production if we do not know the sale of our products on the market.

/3. We should rationally use talented personnel and use our capital in a unified way./ Comrade Gao Yang stressed: There are more and more products sold on the domestic market and consumers will only welcome those inexpensive and good products. It is by no means easy to produce goods which are inexpensive and good because this involves a matter of talented personnel and facilities. We should firmly grasp the work of training talented personnel and adopt various measures to speed up our work of renewing facilities. The province and municipalities are determined to do their best in this respect. The present urgent task for us to do is to rationally use the existing talented personnel and employ other methods such as enrollment, cooperation, technical aid and contract and so forth to extensively enroll talented personnel and absorb technology.

/4. We should select and support a number of factories which truly have advantages and can make more profits and tax revenue for the state./ Through investigation and study, if we find out that certain factories have a reliable source of raw materials and can produce goods which are competitive on the market, municipalities

concerned or the province may invest in those factories in accordance with market forecasting. We should help them expand production, increase their number of technicians and improve their facilities so that they can rapidly develop. Comrade Gao Yang pointed out: whether or not our province will effect a fundamental turn for the better in the financial situation in several years to come is determined by the efforts of big industrial enterprises to increase production and practice economy and carry out technical reforms and the increase of production by big margin on the part of medium and small industries.

/5. We should organize specialized companies and establish production and testing centers to enhance the competitive power of products./ Comrade Gao Yang said that we have for many years shouted the slogan of abandoning the plan of establishing "large and complete" and "small and complete" industries, but no marked results have been achieved yet. The reason is that we have been pursuing a system for many years which actually encourages the establishment of "large and complete" and "small and complete" industries. A great number of cadres lack knowledge on socialized mass industrial production. Apart from that, in the newly developed industrial areas, we have to establish "complete" industries. Therefore, the practice has continued up to the present. Comrade Gao Yang maintained that we should take resolute actions to set up specialized companies as an experiment and establish production centers for casting, heat treatment, electroplate and so forth and for other testing centers.

CSO: 4006/215

INDUSTRY

CHEMICAL INDUSTRY OVERCOMES ENERGY SHORTAGE, IMPROVES RESULTS

Tianjin TIANJIN RIBAO in Chinese 19 Nov 82 p 1

[Article by Cheng Yuwen [4453 3768 2429]: "Chemical Industry Bureau Overcomes Energy Shortage and Accelerates Production Development: Gross Value of Production Through October 10.2 Percent Higher Than the Same Period in 1981: Profits Up By 11.1 Percent"]

[Text] Inspired and encouraged by the spirit of the 12th National Party Congress, the great numbers of staff and workers of the Tianjin Chemical Industry Bureau have overcome the problem of a serious energy shortage and accelerated production development in the chemical industry. By October the bureau had already fulfilled 96.5 percent of its plan for the year. Gross value of industrial production was 10.2 percent higher than the same period in 1981. The bureau had fulfilled 96.3 percent of its sales quota. Sales were 11.2 percent over the same period in 1981, while profits were up by 11.1 percent.

Since Tianjin implemented an accountability plan for power use in June, the power use norms for the bureau were cut an average of 12 percent below those for the period from January through April: this had serious effects on the development of production in the chemical industry. Responding to this problem, the leaders of the bureau made timely investigations and adopted three measures. First, enterprises which have their own power generating capacity were assisted in further tapping their generating potential. Electricity generated was increased from 24 percent in the first half of 1982 to 82 percent. Second, in accordance with market demand, constraints have been put on power use for the manufacture of goods that are over-produced, while the manufacture of goods that are under-produced has been guaranteed or expanded. This program has squeezed out 468,800 kWh of power which has been used in the manufacture of products for which there is great market demand, such as bicycle tires and tubes, rubber pipes, accelerating agents, foaming agents, etc. This resulted in an increase in output value of 4.76 million yuan in the month of September. Third, every enterprise has been required to adopt power saving measures. Such enterprises as the Tianjin Chemical Plant, the Dagu Chemical Plant, and the Organic Corporation responded in a positive way to the orders of the bureau leadership by adopting a series of measures for the readjustment of transformer loads, accountability for power use, etc., which have lowered power consumption. The Organic Corporation implemented 19 measures for saving power in the third quarter. Through hard work on the part of the staff and

workers of the entire bureau, power use has been decreased in the production of 18 goods whose manufacture consumes the greatest amount of power.

The bureau paid attention to the lessons of last year and adopted various measures this year to avoid chasing after output value in production: they got a grip on shifts in product demand, did good work in product distribution, and did quite well in fulfilling marketing tasks. They held several meetings to analyze product marketing, doing market analysis for 69 products which are distributed through state planning and for 105 products which are included in the bureau plans. In June they expanded their analysis to include the marketing of 275 products in three key categories: on the basis of the analysis results they quickly readjusted production to cut back and limit output of 14 kinds of goods which are over-produced. This brought production and marketing into harmony. Furthermore they sought the opinions of customers through various means such as discussion meetings, letters, and visits. They continuously improved and raised quality, which resulted in an ever higher reputation for their products among the customers. This year 51 kinds of products were entered into national quality competitions: 31 products placed among the top three entrants, while 22 products won first place. Their ping-pong shoes won a gold medal, and their maleic anhydride and dichlorvos both won silver medals. The Ministry of Chemical Industry title of high quality product was won by 29 chemical products and 8 kinds of reagents. Tianjin municipal certificates of high quality were awarded to 26 products. By improving quality it was possible to fulfill 86.5 percent of the gross sales quota within the first nine months: this represents an increase of 11.8 percent over the same period last year. The bureau had fulfilled 80.8 percent of its planned export quota for the year: this represents an increase of 13 percent over the same period last year. The rate of product sales had increased from last year's level of 94.8 percent to 95.8 percent, and finished goods inventory has dropped by 8.3 percent, thereby realizing a simultaneous improvement in both production and sales.

12187

CSO: 4006/155

INDUSTRY

LIAONING'S LARGEST FIBER PLANT COMPLETED

Shenyang LIAONING RIBAO in Chinese 27 Nov 82 p 1

[Article: "Production Begins as Liaoyang Petrochemical Project is Examined and Accepted by the State: State Examination and Acceptance Commission Gives the Liaoyang Petrochemical Project a Good Overall Evaluation and Issues a Certificate of Acceptance"]

[Text] On the afternoon of 26 November, the State Examination and Acceptance Commission held an impressive ceremony at the Liaoyang General Petrochemical Fiber Plant. Peng Min [1756 2404], minister in charge of the State Examination and Acceptance Commission and vice minister of the State Economic Commission, issued a "Certificate of Examination and Acceptance of the Liaoyang Petrochemical Project." Tian Zifu [3944 1311 1133], general director of the Liaoyang General Petrochemical Fiber Plant, accepted the certificate on behalf of the plant. The Liaoyang petrochemical project has now been completed and put into operation.

The State Examination and Acceptance Commission found the quality of the entire Liaoyang petrochemical project to be high. The commission evaluated over 53 parts of the project: 24 parts were found to be excellent and 29 parts were found to be acceptable. The imported technology and equipment are advanced; domestically provided facilities are suitable; and living and welfare facilities are quite complete.

This large scale joint enterprise with its modern technological level is one of China's key construction projects. It is also the largest project in Liaoning Province since liberation. The entire project consists of 61 parts: 17 parts involve production equipment imported from abroad, while 44 parts involve domestically provided facilities. Ground was broken for the project in 1974 and it was completed in 1981. The plant has a planned annual production capacity of 130,000 tons of raw materials for chemical fibers and 70,000 tons of raw materials for plastics. It is also able to produce 300,000 tons of more than a dozen varieties of byproducts. In over a year of trial production runs through October 1982, the plant produced 360,000 tons of such materials as polypropylene, polyethylene, polyester sheets, terylene cut stape, and polyamide filament. The value of this output was 2.774 billion yuan, and taxes of 770 million yuan have been paid. When the 210,000 tons of chemical fiber raw materials produced by the plant have been made into fiber, it will be enough to

weave 6.3 billion chi of fabric. Besides supplying 26 of China's provinces, municipalities, and autonomous regions with chemical fiber raw materials, it also produces byproducts which are marketed in over a dozen countries and regions such as Japan, the United States, Pakistan, Malaysia, and Hong Kong. The broad masses of staff and workers are determined to build up the Liaoyang Petrochemical Plant and run it well, in order to make even greater contributions toward realizing the magnificent goal of building China's economy.

12187

CSO: 4006/155

INDUSTRY

REORGANIZATION OF TIANJIN MOTOR VEHICLE INDUSTRY DISCUSSED

Tiajin TIANJIN RIBAO in Chinese 4 Oct 82 p 1

[Article by Li Lianchun [2621 6647 2504]: "Production Specialization Creates a New Situation: Tianjin Develops the Capacity to Produce 6,000 Motor Vehicles Annually"]

[Text] By actively implementing the policy of adjustment and production specialization, an unprecedentedly good situation with conspicuous improvements in economic results has developed in Tianjin's motor vehicle industry.

According to Li Peiwen [2621 1014 2429], assistant director of the Motor Vehicle Industry Corporation, several readjustments since 1979 have enabled Tiajin's motor vehicle industry to basically put an end to a passive state of affairs with too many production centers, dispersion of forces, small production lots, and poor quality. At present the Motor Vehicle Industry Corporation comprises 57 enterprises with 35,000 employees. Through production specialization, technology and equipment have been drawn together and formed into a tight knit system. The industry is now capable of supplying itself with 95 percent of the parts required. It now has a total annual production capacity of 6,000 vehicles, while the production capacity for many of the parts is enough for 10,000 vehicles. Therefore the production lot size has increased rapidly, new products have been developed rapidly, and the products are better suited to the market.

Production specialization is clearly superior to the old system of decentralized production. Although Tianjin has not been manufacturing the 130 Model for very long, after reorganizing and concentrating its forces, carrying out technological transformation of the old enterprises, and paying attention to the development of new products and product quality, the corporation has been able to attain a superior position in China within just two years. This is especially true of the 130 Model passenger-cargo vehicles with two banks of seats manufactured after the transformation. A vehicle which can carry both passengers and cargo is very useful. Some of the principal assembly parts are of the very highest quality, and in terms of quality the vehicle is both advanced and reliable by national standards: therefore it finds a ready market and is welcomed in urban and rural areas throughout China. For 1982 the corporation's planned production of these vehicles was calculated at 3,900. By August it had already produced almost 3,000, but the supply still did not meet the demand.

In the period through August, production and marketing have been closely integrated; profits realized have exceeded those of the same period last year by 67 percent; and profits turned over to the higher authorities have increased 38 percent. Other economic and technical targets have been fulfilled quite well.

12187

CSO: 4006/155

INDUSTRY

REFORM OF BEIJING INDUSTRIAL ECONOMIC SYSTEM NOTED

HK040858 Beijing ZHONGGUO XINWEN SHE in Chinese 0216 GMT 4 Jan 83

[Report: "Beijing Speeds Up Reform of Industrial Economic System"--ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 4 Jan (ZHONGGUO XINWEN SHE)--It was reported in JINGJI RIBAO today that Beijing Municipality has decided to adopt different policies according to the different types of enterprises in the industrial and communications departments in order to speed up the progress of the reform of the industrial economic reform.

From 1980 on, 10 enterprises in Beijing conducted experiments on the system of substituting taxes for the delivery of profits and assuming sole responsibility for their own profit or loss. Over the past 2 years and more, they have attained better economic results, the growth of output value and profit was much higher than the average level throughout the city. Compared with the period before the experiments were made, the actual income of the state derived from the 10 enterprises increased by 26.2 percent. In order to speed up the reform of the economic system, Beijing Municipality, in the light of the actual situation in the economic reform over the past few years and the experience gained in the experiments at selected units, has decided to gradually implement in a small number of big enterprises this year the method of progressive increase of the contract system in the style of the Shoudu Steel Works. The profits they deliver to the state will be included in the profit amount which Beijing Municipality delivers to the state and, if the whole municipality overfulfills the fixed amount, they can take a certain percentage of the excess amount according to stipulation.

With respect to the small enterprises which deliver an annual profit of less than 200,000 yuan, a method of appraising and deciding the base for delivery of profit will be adopted according to different circumstances. The amount in excess of the base will be retained by the enterprises. Those which fail to fulfill the base for delivery of profit have to make it up with their own funds. The base will remain unchanged for 3 years.

With respect to the medium-size enterprises, a number of enterprises will be selected to make continuous experiments on the system of substituting taxes for delivery of profit or loss according to the methods gained from the experiments made in the first batch of enterprises.

JINGJI RIBAO published for this purpose an editorial entitled "Actively and Appropriately Speed Up the Reform of Economic System." The editorial points out that the Beijing Municipality's decision to adopt a flexible policy and measures aimed at speeding up the reform of economic system merits our attention.

The editorial says that this policy decision by Beijing Municipality has been made on the basis of experiments conducted at 10 enterprises in the past 3 years or so. In the course of conducting reform experiments, a few enterprises have broken away from the fetters of the existing system and have initially broken free from the practice of "everybody eating from the same big pot" and "iron rice bowls" so that profound changes have taken place in the management and operation of enterprises and marked economic results have been attained.

CSO: 4006/215

INDUSTRY

FUJIAN RESTRUCTURES INDUSTRY MANAGEMENT

HK051438 Beijing RENMIN RIBAO in Chinese 4 Jan 83 p 1

[Report by Ai Feng [5337 0023]: "To Carry Out Structural Reform, Fujian Provincial Government Turns Over to Fuzhou Municipality Management of Its Industrial Enterprises"]

[Text] In accordance with the guidelines of the 12th party congress and the 5th Session of the 5th NPC, the Fujian Provincial CPC Committee and people's government, in carrying out structural reform, have made the following decisions:

1. In future, the province will not directly manage industrial enterprises. All enterprises directly under the provincial government (with the exception of individual special cases) which are located in Fuzhou will be turned over to Fuzhou Municipality for their management. In this way the administrative structures will be simplified. This is advantageous to the all-round arrangement of enterprises in a city, to the gradual solution of a unified supply of heat and gas and the disposal of waste gas, waste water and industrial residue and to the development of enterprises.
2. Beginning in 1983, all public utility and civil construction projects within the city proper of Fuzhou Municipality will be under the unified management of Fuzhou Municipality. All units which need houses should adopt the method of obtaining the allocation of funds from the provincial government and placing an order with, or purchasing in advance from, Fuzhou Municipality. This will facilitate the overall planning of urban construction, reduce the requisition of land, simplify the administrative structure for construction and avoid duplicate construction.
3. In future, all household occupants who move into the city proper of Fuzhou, whether they belong to organs directly under the provincial government and PLA units or other administrative units, enterprises and institutions, should go to the public security organs of the Fuzhou Municipal Government for the unified formalities of examination and approval.

The provincial government has also decided to allocate to Fuzhou Municipality 30 million yuan in 1983 as a circulating fund for urban construction.

CSO: 4006/215

DOMESTIC TRADE

'JINGJI RIBAO' DISCUSSES CONSUMER GOODS MARKET

HK190405 Beijing JINGJI RIBAO in Chinese 4 Jan 83 p 2

["Economic Work Review": "Analysis of China's Consumer Goods Market and Its Development Trends"]

[Text] In 1982, China's consumer goods market witnessed a relatively great change. The supply of many commodities which were out of stock several years ago is becoming more and more sufficient with each passing day. We have not seen such a stable and prosperous market with such a rich variety of commodities since the late 1950's.

There are four characteristics of the good situation in the consumer goods market: 1) The rate of increase is relatively high and there is an ample supply of goods. From 1979 to 1981, the average annual increase rate of the total light industrial output value was 14 percent, which was higher than the average of 11 percent in the 28 years from 1950 to 1978. At present, most commodities, except for a number of brand-name bicycles, sewing machines and all-cotton fabrics, are in unlimited supply. 2) The quality, color and designs of the products have been notably improved. In 1981, more than 5,000 new kinds of light industrial and textile products were produced, for which there were more than 70,000 latest designs. Now more than half of them have been produced in batches. 3) Both purchase and sale are brisk. From January to November 1982, the total purchase of agricultural and sideline products made by the state-owned commercial departments increased by 11.5 percent over 1981, the total purchase of industrial products increased by 5 percent, and the social commodity retail turnover increased by 9.2 percent. 4) Better economic returns have been achieved. According to statistics of the Ministry of Light Industry, from January to September 1982, the taxes and profits turned over to the state increased by 7.53 percent over the corresponding period of 1981.

At present, there are some new problems in the consumer goods market, such as the overstock of polyester blend fibre, chemical fibre fabrics, semi-conductor radios, electric fans and clocks and watches. In order to sell these overstocked goods, some departments are vying with each other to cut down prices. This will inevitably affect the state's financial income and the market management as well as the mentality of the consumers. It is necessary to make a concrete analysis of all this and appropriately settle the problems in light of concrete circumstances.

Despite the overstock of a few commodities, the supply of many other commodities still falls short of demand. According to an analysis by the commercial departments, of the 228 commodities selected, 71, or 31.7 percent, have fallen short of demand; 92, or 40.3 percent have maintained balance between supply and demand; and the supply of 65, or 28 percent, has exceeded demand. Judging from the development trends, the overstock of some commodities is a temporary phenomenon. At present, the people's consumer level is still very low in our country and, on average, each person has gotten a small ration of light industrial and textile products. With the development of industrial and agricultural production and the rise in the people's standard of living, there will be more demands on consumer goods. There is great potential for purchase in the deposits of the urban and rural people. By the end of 1982, there was more than 100 billion yuan of surplus social purchasing power. For this reason, we must not think that the task of readjusting the production of consumer goods has already been fulfilled, only judging from the overstock of a small number of commodities. Instead, we must make greater efforts to further satisfy the needs of the broad masses of consumers and leave more for their selection.

The main reason that some consumer goods are overstocked is that these goods are uncompetitive in price and quality, lack variety or are not exactly what is needed by consumers. Now, some "buyers' markets" have emerged for some commodities, in which the consumers, who have set a higher demand on variety and designs, would like to select what exactly they need among various commodities. Many localities have reported that consumers now do not buy commodities if they find the quality is inferior, the design is not new, the products are not brand-name products, the prices are too high or they are not in urgent need of the goods. This requires that light industrial and textile enterprises shift the focus of their work from stressing quantity to stressing quality and design and make efforts to produce more commodities which are of the latest design, beautiful, good and cheap. It also requires that the relevant economic leading departments take effective measures to reform the structure of light industrial and textile products and readjust the internal proportional relationship, and, in light of the demands of the market and the changes of the consumption structure, actively promote the production of commodities in high demand, such as agricultural productive means, construction materials for civil use, daily necessities, foodstuffs and so on, and restrict the production of commodities which are in sufficient supply or overstocked. The production of brand-name durable consumer goods, such as bicycles, sewing machines and washing machines, should be expanded and the production of inferior-brand goods should be restricted and reformed. As to some high-grade products, which are not suitable to be produced in large quantities at present, such as air-conditioners, motorcycles and so on, they should be produced by certain appointed factories so that their quality can be improved, costs reduced and variety increased. The production of these products in other factories should be strictly controlled. The enterprises which have been blindly developed and have produced low-quality and high-price products must be reorganized in an earnest manner. If necessary, some of them must be closed, their production ceased or shifted or be merged with other enterprises.

The countryside constitutes a wide market. It is a pressing task for the industrial and commercial departments to satisfy the increasing needs of the 800 million peasants in their material and cultural life. At present, as the channel of commodity circulation is somewhat impeded by various unnecessary links, the circulation is rather slow. As a result, some commodities which are overstocked in some places are out of stock in other places; some commodities which are overstocked in cities are out of stock in the countryside. We must continue to carry out flexible policies, dredge the channels of circulation and make greater efforts to develop the rural market. The commercial departments must provide productive departments with necessary information promptly and in accordance with the needs of the market. At the same time, the industrial departments must endeavor to produce salable products to satisfy the needs of the broad countryside. Since the peasants' standard of living is improving, relevant departments should attach sufficient importance to the countryside, a big consumer goods market.

CSO: 4006/215

DOMESTIC TRADE

EAST CHINA REACTION TO TEXTILE PRICE ADJUSTMENT NOTED

OW200109 [Editorial Report] Nanjing Jiangsu Provincial Service in Mandarin at 2300 GMT on 17 January carries a 3-minute report saying that the Jiangsu Provincial People's Government invited members of the Standing Committee of provincial people's congress and the Standing Committee of the provincial CPPCC committee in Nanjing and responsible persons of various provincial level departments, committees and bureaus to a forum to discuss how to do a good job in adjusting the prices of textile products on the morning of 17 January. Acting Governor Han Peixin disseminated the guidelines of the circular issued by the CPC Central Committee and the State Council on adjusting the prices of textile products and introduced arrangements made by the provincial authorities to implement the decision of the central authorities.

The report continues: "The comrades attending the forum, after listening to Comrade Han Peixin's dissemination and introduction of the guidelines of the decision of the central authorities, enthusiastically talked one after another. They resolutely supported the decision of the central authorities on adjusting the prices of textile products."

The same service at 1100 GMT on 18 January carries a 4-minute report on acting governor Han Peixin's radio talk concerning the decision made by the central authorities to adjust prices of textile products.

Han Peixin said: "The central authorities are convinced that in view of the increasingly better financial and economic situation, now is a good time to adjust the prices of textile products. The total grain output of this province exceeded 50 billion yuan last year. The total value of industrial and agricultural output of this province in '82 reached 72 billion yuan, topping the whole country. On the basis of the development of production, we achieved a balance of revenue and expenditures. The people's savings went up significantly and the prices of various commodities were, in the main, stable. This situation has provided us with a very good opportunity to adjust the prices of major consumer goods in a planned manner."

He added: "Generally speaking, the readjustment of prices of textile products at this time is good for the broad masses of people. Owing to the good sale of synthetic textiles in this province, the total reduction as a result of the lowering of prices of synthetic textiles will be more than 100 million yuan greater than the total amount of increase of other textile products."

Han Peixin also explained the purpose, meaning and policy of the current adjustment of prices of textile products. He called on party committees and governments at various levels to strengthen their leadership over publicizing the adjustment and to implement the beneficial decision of the party Central Committee and the State Council.

Hangzhou Zhejiang Provincial Service in Mandarin at 1030 GMT on 18 January carries a 2-minute report on a circular issued by the Zhejiang Provincial CPC Committee and the Zhejiang Provincial People's Government on implementing the decision on adjusting the prices of textile products. The circular calls on various localities to conscientiously do a good job in adjusting the prices of various textile products.

The same service at 0400 GMT on 19 January carries a 2-minute report saying that according to news published in HANGZHOU RIBAO the Hangzhou City CPC Committee and the Hangzhou City Government 18 January held a meeting attended by responsible persons of various departments, committees and bureaus as well as responsible persons of various districts to disseminate the decision of the party Central Committee and the State Council on reducing prices of synthetic textiles and increasing the prices of cotton products. The meeting called on various units to promptly implement the decision of the party Central Committee and the State Council and pay attention to doing a good job in publicizing and explaining the decision. The report says: "The meeting called on various units to resolutely implement the decision of the party Central Committee and the State Council, strengthen price controls and strictly implement price discipline. Those who violate the decision will be held responsible for their wrongdoing."

CSO: 4006/215

DOMESTIC TRADE

BASIC PRINCIPLES OF PRICE CONTROL DISCUSSED

Beijing JIAGE LILUN YU SIHIAN [THEORY AND PRACTICE OF PRICING] in Chinese
No 6, 10 Nov 82 pp 22-27

[Article by Wang Yongzhi [3769 3057 3112], Jia Xiuyan [6328 4423 1484] and Wang Zhenzhi [3769 2182 0037]: "The Basic Principle of Price Control Is To Uphold the Leading Role of Planned Economy and the Supplementary Role of Market regulation"]

[Text]

(I)

The practice of planned economy on the basis of the system of public ownership reflects the essential requirements of socialist economy. At the present stage, socialist economy must still take the form of commodity because of the low level of the productive forces and the existence of many economic sectors. Since the extent of control by planning on the economic activities in different economic sectors cannot be the same, and no plan can be all-embracing, we must, while continuing to work out an overall balance in the national economy through national economic planning, use the regulative role of market supply and demand as a supplement to planning. In short, the present level of productive forces and conditions of the relations of production dictate that the national economy must be managed in accordance with the principle that planned economy should play the leading role with the regulative role of the market as a supplement. This principle is independent of the will of the people.

Price as a lever and price control as an important component of national economic management must be governed by the principle of the leading role of planned economy and the supplementary role of market regulation. This necessity is determined by the position occupied and the role played by price in the national economy as well as the role and special feature of the law of value under the socialist system. In other words, this necessity must be explained in light of the overall situation of national economic management and the special characteristics of socialist price itself.

The central link in national economic management is to formulate and implement the national economic plan under conditions of socialism. The national economic plan is worked out in accordance with the overall requirements of the socialist basic economic law, the law of planned and proportionate development, the law

of value, the law of accumulation, the law of supply and demand, the law of distribution according to work done, and the political-economic tasks of a certain period. When commodity production and commodity exchange still exist and the law of value still plays its role, the economic relations among various fields should still be conducted through the medium of price. In other words, the plan must be carried out with price as an economic lever. However, this is not the type of price which is solely concerned with the relationship between supply and demand and which calls for "more work for more profit, less work for less profit and no work for no profit." It must be able to reflect the all-round requirements of various economic laws and the political and economic tasks in a certain period. This task can only be accomplished by planned prices. We must unswervingly uphold the leading role of planned economy in price control before this control can help develop the national economy in a planned and proportionate way and stabilize and improve the people's livelihood. To be specific, we can, first of all, systematically work out the prices of the important industrial and agricultural products so that they will generally correspond with the value of these products or with the form of value transformation, and enable all departments to obtain generally equal profits. This will help to promote the proportionate development of the national economy and to avoid irrational differences in the profit level which would aggravate the national economic disproportion. Second, we can use price as a lever to encourage or restrict the production, circulation or consumption of certain commodities by raising or lowering certain commodity prices in a planned way. By controlling the social purchasing power, we will be able to meet the requirements of the plan for a balance in finance, credit and materials. Third, through the use of price in a planned way, the regulation of economic benefits for both parties in the exchange [of wealth] will be helpful to the redistribution of the national income in correctly handling the relationships among the state, the collective and the individuals; among the producers, traders and consumers; and among various departments and various regions. Fourth, we can readjust the planned prices periodically and by groups in a planned way to control the changes in the general level of market prices; and with consideration of the overall interests and the availability of state financial resources as the preconditions, we can provide the necessary financial subsidies for the prices of certain important commodities in order to maintain the basic stability of market prices.

In the management of national economy, the regulative role of market is still necessary as a supplement. Market regulation essentially means the use of supply and demand on the market to regulate production directly, and the information on market supply and demand is conveyed through the medium of price. Price must, therefore, have certain flexibility in order that it can be changed in accordance with the changes in supply and then and, in return, affect supply and demand. Marx has analyzed the dialectical relationship of price and supply and demand affecting each other. Therefore, to meet the requirements of the supplementary role of market regulation in the management of the national economy, we must allow some commodity prices to be directly affected by supply and demand on the market. This method will serve as a supplement to price planning.

Based on this analysis, we can say that in adhering to the principle of ensuring that planned economy plays the leading role with the regulative role of the market as a supplement, national economic management must make due demands

on price control which, in implementing the same principle, in turn ensures the healthy development and steady growth of the entire national economy; otherwise it will be difficult, or even impossible for us to enforce this principle in the management of national economy.

To elaborate on the need to adhere to the principle of ensuring that planned economy plays the leading role with the regulative role of the market as a supplement, we may further analyze the role and characteristics of the law of value under the socialist system and the special features of socialist commodity.

Many different economic sectors exist under the socialist system, but the system of ownership of the means of production is preponderant; and under the system of public ownership, again, the system of ownership by the whole people occupies the leading position. The state, as the representative of the system of ownership by the whole people, has the function and duty of organizing and providing leadership over the entire national economy. On the whole, therefore, the production and exchange of commodities are carried out according to plans. Although there may be differences in degrees in planning for such production and exchange among different economic sectors, their development is nevertheless guided by plans. However, commodities are separately produced by and exchanged among producers of different economic sectors. These producers have their own economic interests to consider. Since they possess the decision making power in varying degrees, they can, within the scope of their power, adjust their prices according to market demands. This is how the special feature of socialist commodities--a combination of unified planning and scattered flexibility--is determined. Under such economic conditions, the law of value can play the following roles: On the one hand, as the basic law in the production and exchange of commodities, it can regulate production and keep supply and demand balanced, and play the role of encouraging the enterprises to improve their technology and business management. Violation of this law will hamper the development of commodity production and exchange. On the other hand, it is regulated by the basic socialist economic law and has to play its regulative role jointly with the law of planned and proportionate development. It has already been consciously used by many people, but can play its spontaneous role only within a certain limit.

Planned production and exchange of commodities help create the conditions for the realization of commodity value. Marx said: "Every individual article, or every definite quantity of a commodity may, indeed, contain no more than the social labor required for its production, and from this point of view, the market-value of this entire commodity represents only necessary labor, but if this commodity has been produced in excess of the existing social needs, then so much of the social labor-time is squandered and the mass of the commodity comes to represent a much smaller quantity of social labor in the market than is actually incorporated in it. (It is only where production is under the actual, predetermining control of society that the latter establishes a relation between the volume of social labor time applied in producing definite articles, and the volume of the social want to be satisfied by these articles.) For this reason, these commodities must be sold below their market value, and a portion of them may even be altogether unsaleable." ("Das Kapital"

Vol 3, p 209) Here Marx clearly pointed out that planned control can help balance supply and demand so that the full value of commodities can be truly realized. This shows that the law of value and the law of planned and proportionate development can jointly play a regulative role with optimal economic result. Under the socialist system, it is planned price that embodies the requirements of joint regulation by the law of value and the law of planned and proportionate development. Planned price, if rationally set, will not only guarantee the compensation for consumption and the acquisition of the necessary economic benefits for the producer, but also promote the planned and proportionate development of the national economy. Some people may think that the more the price is controlled in socialist countries, the more will it deviate from value; and that the less price is controlled in capitalist countries, the less will price deviate from value. This view is obviously wrong. People who hold such views are only laying the theoretical foundation for free price as a substitute for planned price in order to weaken or to discard price control. These people have confused certain defects in our work of price setting with the objective necessity for planned price, and have equated the planned control of price to the use of administrative methods in an oversimplified way. This view essentially ignores or rejects the regulative role of the basic socialist economic law on the law of value; ignores or rejects the need for the law of value to play its regulative role jointly with the law of planning; and tries to substitute the law of value of the law of planning, or even the basic socialist economic law. These people see the rationality or irrationality of price setting from only the microeconomic point of view, but do not see the decisive role of a balanced production and demand on the realization of value from the macroeconomic point of view. They only stress the decisive role of the first type of socially necessary labor on value and want the price to correspond with its value; but fail to appreciate the decisive role of the second type of socially necessary labor on the realization of value, which depends on a balanced production and demand.

In short, upholding the leading role of planned economy and the supplementary role of market regulation means upholding the joint regulative role of the law of planning and the law of value under the regulation of the basic socialist economic law and the planned and conscious use of regulation by the law of value as the leading factor and the use of its spontaneous regulation as a supplement.

(II)

The way to implement the principle of the leading role of planned economy and the supplementary role of market regulation is a real problem which must be solved, failing which, this principle cannot be persistently upheld.

We believe that this principle should be used in the adoption of different forms of price control, the control of the price level, and the division of authority in price control.

First, in the adoption of different forms of price control. Forms of price control are essentially the ways in which prices are formed. Price may either be set in a planned way or spontaneously through the effects of supply and demand. They may also be the result of a combination of both causes so that,

instead of a single form of planned prices, they can take many different forms. At present, there are agreed prices by industrial and commercial enterprises, negotiated buying and selling prices, country fair prices, and so forth. According to the "Provisional Regulations on Price Control," all these forms can be grouped under three categories: state-set prices, the prices agreed on by the enterprises within the scope prescribed by state regulations, and the country fair prices. Generally, state-set prices and floating prices are planned prices; the prices set through the agreement of industrial and commercial enterprises and the negotiated buying and selling prices are semiplanned and semifree prices; and the country fair prices are free prices guided by planning. The relationship between planned economy and market regulation is only a relationship between the leading and the supplementary. They are not mutually antagonistic as though they are water and fire. Therefore, all these five forms of prices are the outcome of planned guidance although the degree of planning for them may be different. Also, these five forms of prices exist because of the effects of supply and demand on the market, although these effects on them may also vary in degrees.

State-planned prices are those directly planned by the state, and supply and demand on the market are considered only as one of the factors in planning. This consideration is based on a long-range observation so that the readjustment of prices will help balance the supply and demand. However, supply and demand can also affect the stability of state-planned prices in the short run through price parity. That is why the prices of the third category minor commodities we often talk about can affect the stability of planned prices for commodities of the first and second categories.

For commodities within the scope of floating prices, the base (medium, maximum and minimum) of these prices, and the margin of floating are all stipulated according to state plans. Therefore, floating prices are basically planned prices. However, since they are allowed to float within a certain margin, they are also subject to the effects of supply and demand. They are an obvious embodiment of the principle of the leading role of planned economy and the supplementary role of market regulation in the form of price. We can say that they fairly strongly reflect the planned prices required by supply and demand, and embodies a certain flexible form of planned prices.

The prices agreed on after consultation by the industrial and commercial enterprises and the negotiated buying and selling prices are semiplanned and semifree prices. We say that they are semiplanned prices because the scope of their varieties, the level of their profits and the principles of pricing are all controlled by the state in a planned way. Furthermore, their price level is restricted by its relation to planned prices. Despite all these, they are subject to the effects of supply and demand although their fluctuation cannot be serious. That is why they have a semifree characteristic.

Country fair prices are mainly regulated by various economic policies and the planned prices of the same commodities. Their price level can fluctuate at certain times and in certain places because of the effects of supply and demand. That is why they are a form of free prices. However, they are essentially different from the free prices under the system of private ownership, and we call them free prices under the guidance of planning.

Among the several forms of prices just mentioned, planned prices should be dominant while the others should be supplementary to it. The dominance of planned prices is shown in the types of their products and the ratio of these products' output value. The industrial and agricultural products with a bearing on the national income and the people's livelihood, especially the important raw materials, energy resources, and people's daily necessities, are mainly sold at planned prices, while the other commodities can be sold at other prices. The products to be sold at planned prices need not be of many different types, but their output value must form the main portion of the total output value. Only thus can we bring into play the leading role of planned prices and control the other forms of prices in order to fulfill the plans and to enliven the economy.

Second, in the control over the price level. Price level includes the general price level and the level of individual commodities, and can reflect the movement of prices. Changes in prices cannot increase the national income; they can only affect the redistribution of national income among various groups in the society. Changes in the general price level can affect the balance between the availability of commodities and the social purchasing power as well as the balances in finance, credit and materials, and have an important bearing on the normal order of social reproduction and the stability and improvement of people's livelihood. Therefore, the general price level, in the localities or throughout the country, must be subject to planned control, and its fluctuation must be kept within bounds. Changes in the price level of individual commodities should be handled according to the degree of their importance. Changes in the prices of industrial and agricultural products which concern the national income and the people's livelihood must be brought under planned control, and the irrational prices should be readjusted by groups and at different periods in a planned way. The changes in other commodity prices should not be over-rigidly controlled. Instead, they should be regulated by the market in order to enliven the economy. However, when the change in the price level of certain less important commodities is excessive so that it would disturb the price parity and affect the basic stability of the prices of important industrial and agricultural products and of the general price level, then these changes should be brought under planned control as a temporary expedient.

Third, in the division of authority in price control. In implementing the principle of the leading role of planned economy and the supplementary role of market regulation, we must practise the combination of centralized leadership and differentiated administration. Without centralized leadership, it will be impossible to ensure the realization of planned economy; and without differentiated administration, it will also be impossible to meet the requirements of the role of market regulation. To be specific, we must carefully handle the relationships among the central and local governments and the enterprises as well as the relationship between the comprehensive price departments and the business departments. Among the central and local governments and enterprises, central and local administration should be in the leading position and enterprises' administration should be supplementary. The main controlling authority should be in the hands of the central and local governments, while the enterprises can have only certain authority in setting prices. Between the comprehensive price control departments and the business

departments, the problems concerning the overall situation and having a comprehensive character, such as the general and specific policies on prices, the principle of pricing, the general price level, the prices of commodities which concern the national income and the people's livelihood, and the coordination of prices for various commodities, should be mainly handled by the comprehensive price departments, while the setting, readjusting and control of the prices of specific commodities should be mainly handled by the business departments.

The forms of prices, the price level and the authority of price control are all closely related. There should be different forms of prices, with planned prices in the leading and the other prices in the subsidiary position, before we can create the necessary conditions for implementing the principle of the leading role of planned economy and the supplementary role of market regulation in price control. The use of different forms of prices has its effects on the price level. The use of planned prices singly can help in the control of the general price level, but not in controlling the level of individual prices; and will handicap the function of price as a lever. The use of different forms of prices, on the other hand, can help in the function of prices as a lever, but can also easily affect the basic stability of the general price level. Therefore, in using different forms of prices, we must strengthen our control of the general price level, and, in so doing, must also strictly control the types of commodities for which each form of price is used, and the number of types cannot be increased at will. The key to the correct use of the forms of prices and to the control of price level lies in the correct division of controlling authority. The use of different forms of prices cannot be practical if the enterprises are not given the authority to set price as they see fit. On the other hand, if there is no centralized control by the central and local governments, control over the general price will be difficult, especially when the comprehensive price departments do not play the leading role in such control. Therefore, the correct division of authority is the organizational guarantee for the use of different price forms and the control of the price level, while the use of different price forms and the control of the price level are the main aspects in the division of authority in price control.

(III)

To implement the principle of the leading role of planned economy and the supplementary role of market regulation in price control, we must reform the current price structure and the price control system. We must oppose not only the tendency of misgivings on the necessity of price control and rejecting the leading role of planned prices simply because of certain defects and problems in the present price structure and price control system, but also the tendency toward rejecting the supplementary roles of certain forms of prices simply because of certain confusion resulting from the experiments to stimulate the economy during the restructuring of the national economy. While firmly upholding the principle of the leading role of planned economy and the supplementary role of market regulation, we must sum up our experiences, draw our lessons, eliminate the existing defects and continue our exploration and improvement in the course of practice in order to overcome the problems encountered in our advance.

At present, we must pay attention to the following aspects of work:

First, we must strengthen our planning in price control. There are two problems in this respect: first, the problem of strengthening and improving price planning itself; and second, the problem of coordination between price planning as a component of the national economic plan and the other plans (such as production plan, material supply plan, financial receipt and payment plan, wage plan, and so forth). Price planning has been a weak link in our country for a long time, because we did not have long-range plans for readjusting planned prices periodically and by groups, and for controlling the changes in the general price level. Furthermore, in readjusting certain prices, we were concerned with only parts, but not the whole of the problems. For example, while readjusting the procurement prices of agricultural products and the wholesale prices of industrial products and trying to stabilize the selling prices on the market, no arrangement was made to coordinate the prices at the intermediate links, and, as a result, we "confused the middle while attending to both ends." Finally, the stability of planned prices was affected. The lack of coordination between price plans and others is vividly manifested in its disharmony with the plan of material supply, and in shortage of materials--supposedly to be supplied according to plans--for the production of many products. Thus people were compelled to use materials outside the plans in their production. Now, materials outside the plans are subject directly to the effects of supply and demand, and their prices are usually higher than planned prices. As a result, the production cost is raised and selling at the planned prices is difficult. In addition, there is also the lack of coordination between price plans and financial receipt and payment plans and wage plans. For example, necessary price adjustments sometimes lack financial backing, and the basic stability of planned prices is affected. Again, while price subsidies are granted after the centralized readjustment of the prices of people's basic necessities, wages are not duly readjusted to keep up with the sporadic price increases (as shown in the rise in the annual price index), and in working out the wage plan, the factor of price changes were not given sufficient attention. From this, we can see that strengthening the element of planning in price control is an urgent need of the moment.

Second, we must quickly compile a rational catalogue of commodities. As we all know, price is the outcome of commodity exchange. That is why price is inseparable from commodities, and price control must be carried out on the control of specific commodities. In order that people can know for sure which form of price should be adopted for which type of product, which level should exercise the control, the price of which type of product should be strictly controlled, and which type of prices can be flexible under the guidance of planning, there should be a national catalogue of commodity prices. Only thus can there be data for planned price control with advantage for concerted action; otherwise, the work of control, without a clear goal, may either continue to be overrigid or bring chaos.

Third, for control, we must establish chains of command in order to prevent liberalization in pricing. For price control, like other economic control, there should be specialization and division of work, systematic management and unified command; otherwise each unit will go its own way in setting

prices, resulting in a free-for-all in price setting or in a disguised price hike. To preserve the leading position of planned prices and the basic stability of the general price level and the planned prices of important industrial and agricultural products when different economic sectors, different circulation channels and different forms of business exist, we must have chains of command according to different systems and different trades in price control so that the subsidiary units will be subordinate to the principal units. This system of control embodies the principle of centralization. In this way, we will be able to use the same official price in the same market and ensure the correct implementation of the planned price policy. We cannot only keep under control the prices of goods in various trades, from various supply sources and of various types, but also overcome the problem of lack of control over the subsidiary units. It must be pointed out that the control of prices under chains of command does not mean over-rigid control. The prices to be controlled here are for the products under the first and second categories and the important industrial and agricultural products under the third category, and the restrictions are imposed only on those units and individuals who violate the price policy, refuse to use state planned prices, set prices at will or increase prices either openly or in disguise. The commodities permitted to use some flexible forms of prices should have certain flexibility under the chains of command. For example, the subsidiary units still have the authority to set their own prices within the prescribed limit provided this is permitted under the policy of floating prices, agreed prices after industrial and agricultural consultation or negotiated prices; and the principal units should not needlessly interfere. Therefore, this system of control means neither laissez faire nor over-rigid control, but is both resolute and flexible in control according to the circumstances.

Fourth, we must control prices according to the relevant law. In implementing the principle of the leading role of planned economy and the supplementary role of market regulation, we must put long-range and overall interests in the first place while attending to partial and immediate interests at the same time. However, since prices directly concern the economic interest of both parties in exchange, some units and their leadership may be only concerned with partial and immediate benefits and violate the price policy and discipline, thus leading to contradictions among different units or individuals. To solve this problem, in addition to ideological and political education, and the use of economic means, we must also take administrative action and resolutely implement the price laws which have been publicized. In effect, we must control prices according to law. By this means, we will be able not only to ensure the use of authority in price control and more strictly enforce the price policy and discipline, but also promptly punish violations of them and properly implement the principle of the leading role of planned economy and the supplementary role of market regulation.

DOMESTIC TRADE

INDIVIDUAL INDUSTRIAL, COMMERCIAL HOUSEHOLDS INCREASE IN NINGXIA

Yinchuan NINGXIA RIBAO in Chinese 11 Dec 82 p 3

[Article: "New Development of Individual Urban and Rural Industrial and Commercial Households in Our Region"]

[Text] As an effect of the elimination of "Leftist" errors by concerned departments in our region, there has been a new development of individual urban and rural industrial and commercial households in the entire region. Up to the end of September, the number of individual urban and rural industrial and commercial households that has been registered and licensed by the light industry and commerce administrative departments in the region as a whole amounted to 5,394 households, an increase of 16 percent in the total number of households as compared to the end of June. Of this total, urban individual industrial and commercial households accounted for 2,132 households, an increase of 13.4 percent as compared to the end of June, while there were 3,262 individual rural industrial and commercial households, an increase of 17.7 percent as compared to the end of June.

There are altogether 6,238 personnel employed in the individual industrial and commercial enterprises in the region as a whole. Of these, there are 2,510 persons in cities and towns, a number amounting to 40.2 percent of the total number of personnel employed in the urban and rural individual industrial and commercial enterprises. In the rural villages, there are 3,728 persons, or 58.8 percent of the total number of persons employed in the urban and rural individual industrial and commercial enterprises.

The individual industrial and commercial enterprises of the region as a whole have 1.9 million yuan in funds. Of this amount, the cities and towns have 740,000 yuan and the rural villages have 1.16 million yuan. The amount of business handled up to the end of September amounted to 12.21 million yuan.

From the standpoint of the state of industrial development, except for a decrease in the number of individual households engaged in communication and transport, there has been expansion in other industries. The industries that have expanded most rapidly this year have been the house repair industry, commercial enterprises and the handicraft industries. In addition, there are 1,143 individual industrial and commercial households comprising 1,397 persons from outside the province who have temporary business licenses in the region.

DOMESTIC TRADE

EXPANSION OF RURAL COLLECTIVE INDIVIDUAL COMMERCIAL ENTERPRISES SUPPORTED

Nanjing XINHUA RIBAO in Chinese 28 Nov 82 p 2

[Article: "Supply and Marketing Cooperatives in All Regions of Our Province Are Suiting Measures to the Place and the Industry, Supporting the Expansion of Rural Collective and Individual Commercial Enterprises"]

[Text] Supply and marketing cooperatives in all regions of the province are suiting measures to local conditions and industries, supporting the expansion of collective and individual commercial enterprises and striving to bring about active circulation of commodities in rural areas.

Helping to do a good job of building network outlets. The supply and marketing cooperatives in all regions are actively helping to increase network outlets on the basis of the principles of "rational distribution, complete service, convenience to the masses and accordance with the requirements of economic accounting." The supply and marketing cooperatives of Kunshan County have supported the rural villages in setting up an additional twenty-eight collective cooperative shops. Sixteen of these have already opened for business and the other twelve are being built. The supply and marketing cooperative in Lianyungang City has helped natural villages with a comparatively low populations to establish nine individual household commission-sales shops so that small villages of only 10 or 20 households can have supply centers. Up to the present, as compared to 1978, there has been an increase of more than 22,000 network outlets comprising over 40,000 people for the collective and individual commercial enterprises under the control of the supply and marketing cooperatives in the province as a whole.

Helping to expand the scope of business and the varieties of goods handled. The Zhuqiao Supply and Marketing Cooperative in Huaian County broke the old convention that collective commercial enterprises are not able to manage the means of agricultural production and helped cooperative stores to expand handling of such goods as chemical fertilizers, lumber, cement, bamboo and wood products and materials for electric equipment, with the products being handled now amounting to more than 2,200 types. The Chensai Supply and Marketing Cooperative in Kunshan County abolished the restrictions on the scope of business of collective commercial enterprises, giving them a free hand to engage in supply. At present, the collective commercial enterprises have expanded their business activities to include such goods as sewing machines and television sets.

Helping to expand purchase and sale businesses. The supply and marketing cooperatives in Yizheng County made the sources of goods accessible to the collective commercial enterprises, allowing them to select and buy freely, imposing no limits and not withholding items, and expanding the proportion of supply. In the third quarter of this year, the amount of wholesale [business] for the collective commercial enterprises increased by 29.7 percent as compared to the same period last year, while the amount of retail for the collective commercial enterprises increased 17.8 percent as compared to the same period last year. Wuxi County stipulated that the grass-roots level supply and marketing cooperatives apply the "five relaxations" to the collective commercial enterprises, i.e., allowing a given unit free hand as to supply of the goods that it handles, allowing it a free hand to expand the varieties of goods it handles, allowing it a free hand to purchase goods for which there is an insufficient supply from outside, allowing it a free hand in helping to resolve difficulties relating to funds and allowing it a free hand in managing its system of responsibility. In Wu County, there are eight grass-roots level cooperatives that commission collective commercial enterprises to sell chemical fiber cloth on commission. This year, they have already sold more than 60,000 meters on commission. To October of this year, the supply and marketing cooperatives throughout the province made sales of more than 705 million yuan to the collective commercial enterprises, an increase of 14.5 percent as compared to the same period last year. Sales to individual commercial enterprises amounted to more than 71 million yuan, an increase of close to double as compared to the same period last year. These amounts greatly exceeded the amplitude of growth in retail sales of the supply and marketing cooperatives themselves.

10019

CSO: 4006/184

DOMESTIC TRADE

PROBLEMS, SOLUTIONS FOR JIANGXI RURAL TRADE EXPLORED

Beijing ZHONGGUO CAIMAO BAO in Chinese 13 Nov 82 p 1

[Article by Li Houxin [2621 0624 0207]: "Three Problems Awaiting Solution in Expanding the Sale of Industrial Products in Jiangxi's Rural Areas"]

[Text] Under the actual conditions existing in the various areas in Jiangxi, three problems remain to be solved to open up the channels to expand the sale of industrial products in the rural areas.

First, action is required to open up the channels rather than just "sitting and talking" and debating interminably over minor details. Sometime ago, when joint state and private stores were being established in certain areas, the parties concerned wasted a great deal of time debating fruitlessly and without making any concessions on such problems as the sharing of profits, rebates on commodities and the assignment of personnel. One jointly-operated store in Anfu County, for instance, took a whole month weighing the pros and cons before coming up with a program. In some counties, after agreement had already been reached, the two parties continued to engage in long drawn out discussions over minor details, thus delaying the opening of operations by the stores. Such a state of affairs exists because some parties, lacking a proper view of the overall situation, tend to argue endlessly over the benefits accruing to their own units. Others, confused in their thinking, come forth with a host of problems that defy solution. While there is nothing wrong with sharing profits equitably, it is impossible to come up with a totally equitable ratio in advance of operations. The opening up of channels between the cities and the rural areas, the extension of state commercial enterprises and the expansion of the sale of industrial products in the rural areas will give a new look to commercial operations in the rural areas. The results will become apparent after a short period of operation. Generally speaking, it is sufficient to establish a general principle and to adjust by gradual degrees the ratio of profit sharing on the basis of actual circumstances. Many counties in Ji'an and Ganzhou have specifically proposed the opening of jointly-operated stores first and settling the accounts 1 or 2 months after they have been put into operation on the general principle that the profit sharing ratio would not result in losses to either party. This way of going about the business is worthy of support because it is time saving and serves to speed up the expansion of the sale of industrial products in the rural areas.

Second, the opening up of channels must be undertaken with a view to expanding the volume of sales and the expansion of outlets and areas. Sometime ago, considerable effort was made by the various localities to extend the wholesale operations of state-operated commercial enterprises to the rural areas. Jointly-operated enterprises play a vital role in altering the long-existing situation characterized by the drawing up of a line between markets in the cities and the rural areas, a situation not conducive to the opening up of channels between the two. The extension of state-operated retail trade to the rural areas and the establishment of jointly-operated stores can only be done in certain areas under favorable conditions. There are in Jiangxi Province 1,600 basic level communes, only 320 of which have the capability of extending their operations downward to the rural areas (including joint operations). The emphasis put on one-fifth of the basic level communes and the neglect of the other four-fifths was one of the main reasons why the sale of industrial products in the rural areas had fallen short of expectations sometime ago. The problem of how to open up the channels for four-fifths of the basic level communes is one which merits serious study. Siuchuan County, which puts a high store on developing the positive aspects of basic level supply and marketing cooperatives for expanding the sale of industrial products in the rural areas, has achieved gratifying results. The state-operated commercial enterprises opened wide their warehouses, supplying over 70 percent of the major industrial products needed by and selected at the discretion of the supply and marketing cooperatives. The state-operated commercial enterprises also visited the rural areas at regular intervals to offer their services and to assist the basic level cooperatives to replenish their supplies and to expand the variety of their merchandise. The basic level cooperatives, which largely depend on the county's state-operated commercial companies for their supplies, were able to replenish their stock of merchandise from such companies instead of having to send their purchasing agents far and wide to make purchases. In the first half of this year, the sale of industrial products by the supply and marketing cooperatives of the county showed an increase of 4 percent over the figure for the same period last year, and the number of products increased to over 3,000. While effort is made to extend operations down to the rural areas, greater effort must also be made to put the four-fifths of the basic level cooperatives on the right track, to improve wholesale operations, to adopt whatever measures necessary to enable the basic level cooperatives and the collective and individual commercial enterprises to replenish their merchandise so that there may be a free flow of goods for the consumers. It is only thus that it is possible to expand the sale of industrial products in the rural areas.

Third, the opening of channels requires that attention be paid to economic measures as well as to the strengthening of organization and leadership. The changing of the system of separate managements in the cities and rural areas in the past into the system of opening up the channels between the cities and the rural areas will inevitably be met with difficulties and resistance both ideologically and in actual practice. It is not sufficient to count on any particular state-operated commercial enterprise or supply and marketing cooperative to bring a solution to the problem. The comrades in responsible

positions in the Yuda County administration took it upon themselves to call a meeting of cadres in leadership positions in state and jointly-operated enterprises to study the decisions made by the State Council and to come to a mutual understanding. After that was done, the two parties were sent to the rural areas to engage in investigation and research and to come up with a workable program. Emphasis was placed on the need to put up a stand first and to open for business without delay. Within a short period of time, jointly-operated stores were set up in 11 key market towns in the county. On the other side of the spectrum are such counties as Dingnan, Longnan, Quannan, Guangchang and Shicheng in Ganzhou Prefecture which, because they failed to follow the guidance provided by the organization, have yet to make any headway. Some of the outlets succumbed soon after they were set up.

The markets in the rural areas are now in the middle of the busy season. There is no time to waste in opening up the channels and in speeding up the flow of industrial products to the rural areas. It is incumbent upon the various departments concerned to pay heed to the general situation, to free themselves from ideological restraints, to conquer the tendency to place departmental interests above higher interests, to assume joint responsibility for the market and the people, to direct their efforts toward the opening of the channels and making industrial products available to the peasants.

9621

CSO: 4006/142

DOMESTIC TRADE

SALE OF INDUSTRIAL PRODUCTS IN FUJIAN'S RURAL AREAS EXPANDS

Fuzhou FUJIAN RIBAO in Chinese 13 Nov 82 p 1

[Article by Provincial Leading Group for Rural Industrial Sales: "Marked Increase Shown in the Sale of Industrial Products in Fujian's Rural Areas"]

[Text] Since the latter part of this year, the commercial enterprises and the supply and marketing departments in our province have made a serious effort to implement the State Council's decision to open up the channels for the flow of commercial commodities and to expand the sale of industrial products in the rural areas. Since August, the sale of daily necessities in the rural areas by the supply and marketing system has registered a monthly increase. The sales figure in September showed an increase of 12.2 percent over August, which the October figure showed an increase of 3.93 percent over September. The total value of commercial commodities allocated to the supply and marketing cooperatives in September showed an increase of 41.9 percent over that in August, while the value of goods allocated by the plastics and textiles system continued to rise. An increase was registered in the allocation of 8 of the 12 major industrial products to the cities and rural areas. From January to October, the allocation of sewing machines increased by 34 percent, bicycles by 51 percent and watches produced domestically by 47 percent over the same period last year.

Since the beginning of this year, cadres from the industrial enterprises at various levels and the supply and marketing departments have penetrated deeply into the rural areas to engage in the work of investigation and research at the basic level on the needs of the peasants and changes in the market. Effective measures have been adopted to give a new look to the work of speeding up the flow of industrial products to the rural areas. Many of the substations of the commercial enterprises, county companies and basic level supply and marketing cooperatives have worked in close cooperation to sponsor various types of expositions, commodities fairs and exchange exhibitions so that the basic level purchasing agents, those who are engaged in the business and the consumers may familiarize themselves with the commercial commodities available to them. From July to September, 534 expositions of various types were held in the province. The amount of transactions came to 120 million yuan, an amount equivalent to that allocated to the supply and marketing cooperatives in more than a month. The substations for textile products in Fuzhou, Zhangzhou and

Sanming, by resorting to displays and by showing their wares, doubled the amount of transactions. Many of the varieties and patterns considered difficult to sell in the cities became hot selling items when they were put on display in the rural areas. Many companies in the county, working in cooperation with the basic level cooperatives, have set up roadside stands in market towns and remote village outposts on a rotation basis to promote sales, much to the convenience of the peasants.

The wholesale departments at various levels have also directed their efforts toward wholesale operations in the basic level rural areas. Many companies in the county have set up special wholesale departments or wholesale departments for petty commodities, reduced the wholesale minimum and permitted the purchase of partial bales, uneven quantities and single items for the benefit of the basic level cooperations. Some even offer assistance to the basic level cooperatives in setting up special stores and special retail sales departments, in expanding the range of operations, in regulating the stock of supplies and in serving as agents for the sale of commodities overstocked by the basic level cooperatives. The various wholesale enterprises also altered the practice for government officials to manipulate operations backstage and organized teams from the business establishments. They also used covered trucks to bring samples and commodities to tour the rural areas for the benefit of the basic level cooperatives, the collective commercial enterprises in the rural areas and individual businessmen who possessed permits.

The basic level cooperatives in various areas have served as the main channel for the sale of industrial products in the rural areas. The rural areas in the province have established 235 retail sales departments, 42 purchasing and sales stations, 90 sales agencies and 889 temporary stands. Many basic level cooperatives make visits to market places and village fairs, deliver their goods to the rural areas, go up to the mountains and down to the fishing villages to take orders, to deliver supplies and to bring industrial products to the door for the convenience of the peasants.

9621

CSO: 4006/142

FOREIGN TRADE

SERIOUS EXPORT LOSSES IN GUANGZHOU DISCUSSED

Guangzhou GUANGZHOU RIBAO in Chinese 23 Dec 82 p 4

[Article by Huang Senhua [7806 2773 5478]: "Problems of Serious Losses in Exports Discussed"]

[Text] A fairly large portion of our exported industrial products have brought serious, or close to serious, losses. Some comrades have roughly attributed these losses to high taxes, wide profit margins, poor quality and high prices. In their opinion, the circulation expenses on foreign trade commodities form a very small portion of the production costs and do not contribute much to these losses; and these commodities cannot be sold at good prices simply because of the monotony in designs and varieties and the low grade of products. This is an over-simplification of the complex nature of export losses.

Export losses are caused by many different complex factors. We by no means deny that the selling prices of many export commodities have been affected by their old styles and poor quality, and that in some cases, the many links in processing and the taxes levied and profits retained in each link have added to the production costs and brought serious losses in exports. However, the serious losses brought by some exports are not caused by high taxes, but profits, poor quality and low selling prices. An analysis of several instances will clarify the situation.

The loss brought by the export of terylene-cotton garments is close to being serious. Of the production cost for exports, the factory cost accounts for 88.73 percent; factory profit, 3.9 percent; industrial and commercial taxes, 4.88 percent; and circulation expenses for foreign trade commodities, 2.49 percent. The terylene fabrics used as raw materials account for 75.48 percent of the factory cost. Because of the present irrational pricing principle, the raw materials being supplied to the factories cost more than imported materials by nearly a double. If the production cost is based on the prices of imported raw materials, the loss would be only minor.

The Dongfang Garment Factory of Guangzhou has had more than 20 years' experience in producing jeans, for which many foreign merchants have placed orders. However, the foreign trade departments supplied only third-grade

materials to this factory at a price higher than even the selling price of garments made of first-grade materials; and sold the first- and second-grade materials in bolts. In appearance, by exporting these materials in bolts, the cost for earning foreign exchange is lower; but in fact, the gain cannot make up the loss.

There is also a traditional light industrial product which sells very well in Hong Kong, where it would be sold up soon after its appearance. In the past 2 years, however, the price of the imported raw material has risen by 42.2 percent. Production for exports has been restricted and this product has brought serious loss. In fact, this product would not lose its market even though its selling price is appropriately raised. However, the foreign departments were afraid that just in case the price has to be lowered after its being raised, they will have to go through a great deal of trouble in submitting reports and waiting for approval. Thus failure to promptly readjust prices according to the international market conditions has resulted in unnecessarily low prices for certain export products.

These instances show that the problem of serious losses in exports is related to the operation and management of the foreign trade departments. In the past 2 years, the foreign trade departments have attached great importance to the accounting of profit and loss. This is a fine practice. However, in foreign trade accounting, stress is generally laid on halting or restricting the exports of those goods which would bring serious losses, but not enough action has been taken to look for the causes of loss within the operation and management of the foreign trade departments themselves. Therefore, studying the methods of improving the operation and management of foreign trade has become an important task in developing foreign trade and reducing export losses at present.

Foreign trade is a very complex affair, because the international market prices are not as stable as those in our country where planned prices play the leading role. It is therefore necessary for us to pay attention to business conditions, to adjust our selling prices according to the international market conditions, and to seize every favorable opportunity to determine our prices. We should send our industrial and foreign trade personnel, who are conversant with production and business operation, abroad to inspect market conditions and to promote sales as a routine work in foreign trade. Then we will be able to make intelligent forecasts on the market conditions abroad, design our products accordingly, improve our packaging, and put an end to the backwardness of scarcity of designs and varieties, obsolete styles, high production costs and unsaleable products. The industry, foreign trade and finance departments should jointly handle the key commodities for export with the national interests (including the revenues for taxes and profits) in mind, and strongly support those seemingly unprofitable but highly promising commodities. They should also help solve the difficult problems and lay a good foundation for ending the serious losses. Some processed commodities requiring high energy consumption may be sold at a little higher prices. However, if the production cost based on the energy consumption will still bring loss in terms of international market prices, we should then stop the exports of processed products.

9411

CSO: 4006/183

FOREIGN TRADE

GUANGDONG INCREASES EXTERNAL ECONOMIC ACTIVITIES

HK041009 Guangzhou NANFANG RIBAO in Chinese 2 Jan 83 p 1

[Report: "Guangdong Makes New Progress in External Economic Activities"]

[Text] Our province's external economic activities are developing continuously and the number of contracts for large-scale projects signed by foreign businessmen and units in our province continues to grow. According to statistics, the number of new contracts for making use of foreign investment signed in our province last year totaled over 7,600. The volume of investment involved in new contracts for compensation trade, cooperation and joint ventures increased by 17 percent over the previous year. Foreign capital which has been actually utilized amounts to over \$100 million.

Last year, our province made progress in external economic activities despite the fact that international markets were sluggish and the world economy was in recession. After studying the new situation of the international markets and our province's political and economic situation, responsible comrades of the provincial CPC committee and the provincial government repeatedly pointed out that it was necessary to promptly utilize the favorable opportunity, in which developed capitalist countries urgently needed outlets for investment because of their surplus of funds and technology, to introduce foreign capital and make good use of it in a resolute, courageous and prudent way. Because we correctly grasped the opportunity and took a correct orientation, external economic activities throughout the province last year were fairly brisk. Contracts signed with foreign businessmen included projects of food processing, textile products, elevators, vehicle tires, beer, refrigerators, plastics, cement, colorful glazed tiles and so on. These projects have not only increased a large number of advanced production lines and other key equipment in our province, but have also enhanced the competitive power of some of our export goods. Last year in the Shenzhen Special Economic Zone, the number of foreign businessmen who came to hold business talks, the number of industrial and trade investment projects and the amount of external capital which had actually been utilized all increased. According to statistics, from January to October last year, external businessmen increased by more than HH\$1.6 billion investments in the Shenzhen Special Zone on the basis of original agreements.

At present, another characteristic of our province's external economic activities is that the number of contracts involving large-scale projects concluded by foreign businessmen and our units has become greater and greater. According to statistics in Guangzhou City from January to November last year, contracts signed with foreign businessmen for joint ventures, cooperation projects and compensation trade totaled 14, involving a total of U.S. \$79.64 million. Though the number of contracts decreased a bit as compared with the previous year, the value involved increased by 73 percent. In the past, a project with value over U.S. \$1 million was counted as a large-scale one; while the 14 projects concluded last year averaged over U.S. \$5 million. In Zhanjiang Prefecture, one of the projects concluded last year was the Zhanjiang waste oil refining factory, which will have a refining capacity of 1,250,000 tons of oil after its first phase is completed. Foreign businessmen have invested U.S. \$99 million in this project. The first phase of Zhanjiang's Haibin Hotel attracted HK\$20 million of external capital to rebuild and decorate part of the hotel's rooms. After the first phase was completed, Hong Kong businessmen made an additional investment of HK\$130 million at the end of last year in the construction of the second phase project. Quite a few of these large-scale projects also have first-rate technical quality. For example, the annual output value of the Xinhui polyester long fiber plant, which will go into operation this year, will reach as high as 100 million yuan. Its high-speed fiber spinning machines imported from Britain have a spinning capacity of 3,500-4,000 meters of fiber per minute. This equipment is of the 1980's technical level.

In addition, new progress has also been made in the work of undertaking contract projects abroad and exporting services in our province. Income from fulfillment of contracts last year amounted to U.S. \$9.16 million. Among the three projects of exporting services by Doumen County, the building of a pier gained HK\$1 million in income in 2 months time.

CSO: 4006/215

LABOR AND WAGES

INTRODUCTION TO LECTURE SERIES ON LABOR PROBLEMS

OW190211 Beijing Domestic Service in Mandarin 2320 GMT 16 Jan 83

[Introduction to lecture series on labor problems: "Push Forward Labor Work Under the Guidance of the Spirit of the 12th CPC National Congress"]

[Excerpts] Labor work is important for socialist revolution and construction. It is an arduous and glorious task in the new historical period, and doing this work well has an important bearing on creating a new situation in promoting socialist modernization.

Labor work covers a great area, including various forms of socialist labor, labor organization and remuneration, welfare for the laboring people and security and protection of labor.

In the new historical period, what are the main tasks of labor work?

1. It is necessary to properly solve the employment problem for young people in cities and townships. From the convocation of the Third Plenary Session of the 11th CPC Central Committee to the end of 1981, more than 26 million people had been provided with jobs in various cities and townships. That was quite an achievement. However, for a relatively long period in the future, the annual number of people new to the work force in cities and townships will still be considerable. Therefore, properly solving the employment problem for young people in cities and townships is still an arduous and difficult task.
2. It is necessary to vigorously strengthen labor management in various enterprises. For a long time, due to the influence of "left" mistakes and other reasons many enterprises had problems of unreasonable labor organization, weakness in fixing the number of staff members and workers and in fixing production quotas, waste in the use of labor, poor organizational discipline and low labor productivity. These problems adversely affect the economic results of the enterprises. In order to gradually improve their economic results, we must take the improvement of labor management as an important step in consolidating the enterprises and perfecting the economic responsibility system.
3. It is necessary to carry out vocational and technical training and improve the quality of the workers. At present, the ideological consciousness and skill level of many of our workers still cannot meet the demand of the four modernizations. Therefore, it is necessary to make great efforts to conduct pre-job training and on-the-job training for workers in order to constantly improve the political and technical quality of the working class.

4. It is necessary to comprehensively regulate the labor force in society. In order to meet the needs of economic development and rationally organize work, it is necessary to set up organizations for regulating labor power between the enterprises and society. The regulating organizations should function as a reservoir and gradually assume the responsibilities of organizing the training of unemployed youth, organizing economic undertakings, supplying qualified personnel to employers and helping enterprises settle surplus persons.

5. It is necessary to gradually improve the livelihood of the workers and staff members on the basis of expanded production.

6. It is necessary to adhere to the principle of "from each according to his ability, to each according to his work," and further whip up the enthusiasm of staff members and workers for promoting socialism.

7. It is necessary to gradually improve the system of insurance and welfare for staff members and workers.

In addition, it is necessary to further improve working conditions for staff members and workers and strengthen labor protection. In this respect, we should continue to adhere to, and implement, the policy of safe production and conscientiously solve conspicuous problems in safety technology and production hygiene. We should establish and improve related rules and regulations and strengthen investigation and supervision.

Doing labor work well has the following important advantages in promoting socialist modernization:

First, good labor management is an important condition for ensuring a planned, proportionate and balanced development of the national economy. The labor force is the most important positive factor in the process of production. A genuine planned economy is impossible if we pay attention only to balancing material and financial resources and disregard the distribution of labor force, the wage system and the improvement of working conditions.

Second, it is one of the important links in increasing economic results. The lack of economic efficiency is still a significant problem in promoting the national economy. In order to solve this complicated problem, which has been in existence for many years, we must make great and sustained efforts in various aspects. Doing labor work well is an important link in our efforts to increase economic results.

Third, it is an important guarantee for promoting good relations between the party, government and the people and for maintaining the good situation of stability and unity.

Going to the significance of doing labor work well as stated above, we must, in future, conscientiously implement the guidelines of the 12th CPC National Congress and push forward labor work.

According to the line, principles and policies formulated at the 12th CPC National Congress and in view of the actual situation and past historical experience and lessons, we are convinced that currently it is necessary to lay stress on the following points:

1. It is necessary to study well the documents of the 12th CPC National Congress and closely link the study with our actual thinking and work.
2. It is necessary to actively and properly improve the labor and wage systems.
3. It is necessary to improve our way of thinking and style of work.

We are convinced that, under the guidance of the spirit of the 12th CPC National Congress and through the concerted efforts of the broad masses of cadres and people in various localities, departments and units, labor work will certainly play an active and greater role in creating a new situation for promoting socialist modernization.

CSO: 4006/215

LABOR AND WAGES

'BEIJING RADIO' LECTURE NO 1 ON LABOR PROBLEMS

OW190651 Beijing Domestic Service in Mandarin 2320 GMT 17 Jan 83

[First of a series of lectures on labor problems, by (Yuan Fang) of the Beijing University: "The Development and Use of China's Labor Power"]

[Excerpts] China is a socialist country with a population of 1 billion and abundant labor power. It is also a developing country with a poor foundation to start with; backwardness in education, science and technology; and fairly low productivity. Under these conditions, how to rationally develop and use our labor power and take advantage of the superior features of China's labor force has a very important bearing on accelerating socialist modernization. In this lecture, I will discuss three questions concerning the development and use of China's labor power.

1. The definition of labor power: In present-day China, it generally denotes any male with working ability between the age of 16 and 60, and any female with working ability between the age of 16 and 55.

2. What are the characteristics of China's labor power? The characteristics of labor power are basically the same as the characteristics of the population. The characteristics of China's labor power are primarily shown in the following four respects:

1) China's labor power is very numerous and is increasing fairly quickly. It is estimated that China's labor power at the end of 1980 exceeded 560 million persons, accounting for 56 percent of China's total population.

2) China's labor power is very unevenly distributed among urban and rural areas and among various regions. At present, four-fifths of the labor power are in rural areas. This situation shows China's fairly low productivity, because agriculture takes a large proportion of the labor force.

3) A large number of people reach working age every year. The population of a country is considered to be of the progressive type if people over 14 account for more than 35 percent of it. In 1980, people over 14 accounted for 39 percent of the total population in China. Because of this progressive type of population, more than 20 million people reach working age and join the labor force in China every year.

4) The quality of China's labor power is generally on the low side. Of every 100,000 persons in China, only 599 have a college-level education. The educational level of China's workers is also very low. According to a 1979 statistic, 80 percent of China's 20 million workers and staff members had an educational level of junior middle school or lower. Of those 80 percent, 7.8 percent were illiterate or almost illiterate and 30.6 percent were of primary school level. Of the middle-aged and young people in rural areas, 30 percent were illiterate or almost illiterate. Engineers and technicians accounted for only 4 percent of China's industrial work force.

3. Several major measures for rationally developing and using China's labor power:

1) We should continue to control population growth.

2) We should adopt diversified long-term economic forms, energetically develop cooperative economy and appropriately develop individual economy to create more jobs.

3) We should persistently develop agriculture, forestry, animal husbandry, sideline undertakings and fishery in an all-around way; run agriculture, industry and commerce in a comprehensive way; and fully utilize rural labor power. In order to take full advantage of our rich rural labor power, we should first make great efforts to develop agriculture. At the same time, we should also energetically develop diversified undertakings.

4) We should pay attention to developing education, step up training programs and constantly raise the working people's level of scientific, technological and general knowledge and their moral quality. In the course of providing pre-job education or in-service training, we should strengthen ideological and political education and educate the workers in communist ideals and working ethics. This is a fundamental demand in the building of socialist spiritual civilization.

CSO: 4006/215

LABOR AND WAGES

JIANGXI OFFICIAL ATTENDS TRADE UNION FORUM

OW050505 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 30 Dec 82

[Text] This morning, the provincial and Nanchang municipal trade union councils held a forum of model workers at the Workers' Cultural Palace in Nanchang to celebrate new year 1983. Attending were leading provincial and municipal Comrades Bai Dongcai, Zhao Zengyi, Wu Ping, Zhao Zhijian and (Wang Huaiyun) and responsible comrades of provincial and municipal departments and trade union councils.

Model workers (Zhang Shouchun), (Yu Wangjin), (Wan Zhaoxing), (Zhang Shushan), (Li Guangrong), (Zhang Jiefeng) and (Zhou Zhenfu) spoke at the forum. They spoke freely of the excellent situation on all fronts and reported on progress being made in work in their respective units. They pledged to promote economic education and to make new contributions to economic construction in our province in the new year, in keeping with the guidelines of the 12th CPC National Congress and the Fifth Session of the Fifth NPC.

Comrade Bai Dongcai, first secretary of the Jiangxi Provincial CPC Committee, spoke, extending festive greetings to the model workers present. He said: A forum like this has been held every year at a time when the new year is replacing the old, with model workers gathering to exchange experiences, inspire morale, put suggestions and discuss plans. This is a good tradition which should be upheld. Comrade Bai Dongcai put two suggestions regarding promotion of economic education in our province in 1983:

1. He called on industrial and mining enterprises and transport and commercial units to concentrate their energy on solving the question of making the leading bodies more revolutionary, younger in average age, better educated and more professionally competent. He said: There are simply too few people currently in the leading bodies of various enterprises with knowledge of management and technical matters. This falls far short of meeting the needs of economic construction. We must use better qualified and worthy persons and select a number of persons with college education and certain work experience as quickly as possible to take over as factory managers, engineers and accountants to guide our enterprises. Political requirement ranks first in consideration for selection. We must select intellectuals like (Jiang Zhongying) and Lu Jianfu) into the leading bodies to run our enterprises.

2. We must promote production responsibility systems, now being implemented in the rural areas, in industrial, commercial and transport enterprises--the system of fixing farm output quotas on a household basis and the system of peasant households assuming full responsibility for most of the farm work formerly undertaken by production teams. Work which can be contracted to brigades, teams or individuals should be allocated accordingly, to drastically change the situation characterized by people clinging to the iron rice bowls, and yet feeling at ease and justified. We should strive to implement the guidelines of the 12th CPC National Congress for creating a new situation in all fields of socialist modernization.

Zhao Zengyi, secretary of the provincial CPC committee and acting Jiangxi governor, also spoke on how to advance economic education in our province.

CSO: 4006/215

LABOR AND WAGES

CHANGES IN EMPLOYMENT SYSTEM URGED

OW040619 Beijing XINHUA Domestic Service in Chinese 0217 GMT 3 Jan 83

[Commentary: "Make It a Success To Reform the Employment System"]

[Text] Beijing, 3 Jan (XINHUA)--Hiring contract workers from among job-awaiting young people in urban areas is a good experiment in reforming the employment system in China. Leadership throughout the country must attach importance to it.

The defects of our current labor system can be summarized in what people used to call "the iron rice bowl," that is, the state unconditionally taking care of the whole labor force in urban areas in total disregard of the objective needs in developing the socialist economy. Employing units cannot select, increase or reduce the number of workers according to production or work requirements, and workers cannot choose jobs suiting their respective qualifications, in line with the state's overall planning. Such conditions are not conducive to giving full play to workers' intelligence, talent and enthusiasm, but help foster the tendency of such thoughts as "whether educated or not, people can all have jobs" and "whether qualified or not, people can all work in factories." It is detrimental to the training of a large contingent of reserve workers as well as to the advancement of workers already employed. Therefore, we should properly improve the current fixed employment system on the one hand, and actively experiment and gradually popularize the contract employment system on the other, to suit the needs of the development of the socialist economy, so that the labor force can be rationally and economically utilized and labor productivity raised.

This reform is being experimented with at selected places. The old method, and the habits it has generated since the founding of the republic, has a profound influence on the people, while the contract employment system can only be gradually perfected in practice. Therefore, it is inevitable that problems will arise and resistance in all forms occur while the system is being experimented with. Leading comrades of the party Central Committee have recently pointed out: Have our minds still more emancipated and be still bolder in carrying out reforms. Leading comrades at all levels must clearly understand the tremendous significance of this reform, take a positive attitude and scrupulous measures and sum up experience in good time to solve problems whenever encountered. Only by so doing, can we make a success of the contract employment system and a contribution to reforming the labor system and creating a new situation in labor work.

CSO: 4006/215

TRANSPORTATION

METHODS FOR COAL TRANSPORT OUT OF SHANXI SUGGESTED

Taiyuan JINGJIWENTI in Chinese No 8, Aug 82 pp 33-35

[Article by Li Kaiming [2621 0418 2494] of Natural Resources Comprehensive Survey Committee of Chinese Academy of Sciences: "Problems of Coal Transport in Shanxi Discussed"]

[Text] To build Shanxi into a coal energy base for the whole country is an important strategic policy decision by the Party Central Committee and the State Council after summing up the experiences, both positive and negative, in coal production in the past 30 years and more and after repeated investigations, studies, analyses, comparisons and deliberations.

(I)

Because of the need to set up a national coal energy base, people would first think of digging coal and opening coal mines. These tasks captured people's main attention and became the focal point of controversy in 1979-1981.

From what we can anticipate, the main contradiction in capital construction is not in the production, but rather the transportation of coal. The stockpile of coal resulting from insufficient transport facilities amounted to 12 million tons at the beginning, 14 million tons in the middle and 19 million tons at the end of last year. Unless the problem of transportation can be solved, the coal already dug out still cannot find its way to where it is to be used, or realize its value and use value. On the one hand, energy shortage in places where coal is badly needed has brought a loss of nearly 100 billion yuan in industrial output value and 15-20 billion yuan in net profit every year, and the peasants have been forced to use rice stalks and cow dung as fuel, thus reducing the fertility of soil and affecting the high stable yields as well as the people's livelihood. On the other hand, the stockpiling of coal in the mines run by communes and production brigades has brought their operation to a virtual standstill, and 300,000-500,000 tons of coal are either burned by the communes and production brigades themselves or washed away every year. The operation of new mines and the tapping of resources in and transformation of old mines have further intensified this contradiction.

The goal of an annual output of 300 million tons of coal by 1990 can be attained, but the problem is with the way for the coal to reach the consumers

and to realize its value and use value. Since it is almost impossible to solve this problem because of the time and money factors, the stockpiling may in time assume dangerous proportions. The present expedient is to determine production according to the transport capacity. On the one hand, the productive capacity already built up cannot be fully utilized; on the other hand, the increase in investment and the absorption of foreign funds for the opening of new mines will further increase the stockpiling. It is hoped that the relevant leadership can soberly assess this situation, weigh the pros and cons, and shift the focus of their plans and investments in good time to the solution of the transport problem.

(II)

The principal means of transportation in Shanxi now is railway which is undertaking 95 percent of the task of coal transport out of Shanxi. This has created the illusion that the way to solve the transportation problem is to build, reconstruct or tap the resources of railways. Although many comrades have time and again proposed the use of highway, water, pipeline and other means of transport, these proposals have so far attracted little attention.

The merit of railway as a means of transport is that it can be used for heavy loads to be transported over long distances at fairly low production costs and fairly high speed. However, Shanxi is located on a plateau surrounded by mountain ranges. In building railways, we have to cut tunnels through mountains and build bridges across rivers, and the railway has to make many turns. Because of the huge engineering work involved, the construction cost here more than doubles that in a plain, even though the traffic capacity here is approximately 50 percent less. One special characteristic of freight transport in Shanxi is that the outbound traffic is heavier than the inbound traffic. When coal had to be transported out on a crash basis and other transportation tasks were discarded, the proportion of empty cars returning to Shanxi was as high as 84 percent. The serious waste of transport capacity cannot be denied. At present, railways have already been built at all the mountain passes which afford fairly easy passage. In future, the cost of building double-track lines, electrified lines or new lines will be more expensive than in the past. Even though money is available, the speed of progress in construction and the transport capacity will still be inadequate for the requirements. Furthermore, the problem cannot be solved by transporting the coal out of Shanxi; it is also necessary to increase the transport capacity in other provinces in order that the coal can be brought to the location of consumption. The work involved and the investment required will be exorbitant. Therefore, it is obviously improper for us to confine our attention to only one means and to ignore the other means of transportation.

The advantage of highway transport is that it is more flexible, although the load per-truck is small; that on good highways trucks can run faster than trains; and that trucks can go straight to the location of consumption, thus saving the trouble of loading-unloading and storage. The freight is a little higher; however, if diesel trucks are used, both the freight and the operating cost in highway transport can be lower than in railway transport. The logic

is quite simple, since with the exception of a small number of large mines having special railways of their own, the coal to be transported by trains has first to be collected at the coal bunkers of railway stations and later loaded on to the trains. Upon arrival at the terminating stations, the coal has to be unloaded from the trains and loaded again on to trucks or horse-carts to be brought to the locations of consumption. Supposing the distance to be covered by the collection and distribution of coal at each end is 35 kilometers, and the length of the railway does not exceed 100 kilometers, the train will have to run 100 kilometers in addition to the 75 [as published] kilometers, while a truck needs to run only 25-50 kilometers more to reach the consumer, besides saving the time and expenses in loading-unloading and storage. Thus highway transport is obviously better than railway transport. According to the research data supplied by the Chongqing Heavy Duty Truck Research Institute under the First Ministry of Machine Building, in carrying out the same amount of transportation work, gas consumption by 8-ton "Huanghe" (diesel) Trucks is 58.62 percent of "Jiefang" (gasoline) trucks, and the fuel cost of the former is only one-quarter of the latter. If 14-ton "Sitaier" diesel trucks are used, gasoline consumption can be reduced by 70 percent; and fuel cost, by 82.4 percent.

A comparison of the technical and economic indices of the three types of trucks are shown as follows:

<u>Type</u>	<u>Jiefang</u>	<u>Huanghe</u>	<u>Sitaier</u>
Capacity (ton)	4	8	14
Gasoline consumption (liter/100 kilometers)	7.25	3	2.11
Fuel cost (yuan/100 ton/kilometer)	4.2	1.05	0.74

Of course, heavy investments are required to buy a large fleet of heavy-duty trucks and to construct or reconstruct a number of highways. According to the data supplied by the Chongqing Institute, the capital construction investment for the same transportation task is much lower than the investment in the building of new railways. Based on its calculations, the construction of a second-grade highway from Yangquan to Huanghuagang (construction of which is now being planned) via Cangzhou over a distance of 367 kilometers will require an investment of 140 million yuan; and another 270 million yuan will be required for the purchase of 2,700 15-ton trucks. Each year, 14 million tons of coal can be transported on this highway. If 2,700 30-ton semitrailers are used, the total purchase will cost 432 million yuan, and the total investment would come to 672 million yuan. Then more than 2.8 million tons of coal can be transported each year, and the required investment would be one-third to one-half of what is required in railways. The total investment can also be recovered in 1-2 years, much faster than in railways. From 1953 to 1975, our country has imported a total of 385,000 vehicles and spent 8.9 billion yuan, including approximately 2.7 billion yuan on 44,400 vehicles of 8 or more tons. If we can, on the present basis, import some advanced technology and a small number

of high-precision machine tools to carry out transformation or tapping of potential of the existing old plants, we can each year produce more than 10,000 vehicles including heavy-duty trucks, cross-country vans, semitrailers and dump trucks with capacities ranging from 10 to 32 tons. In the first stage, the upgrading of products will require an investment of only 67 million dollars and 50 million renminbi, totaling 23.8 billion yuan. With this investment, it will be possible for us to obtain the large diesel trucks (including 45-ton trailers) according to this plan.

Some people said that highway transport means the substitution of high-grade energy for low-grade energy and is therefore not economical. This theory is untenable for the following reasons: First, if this theory is valid, there will be no place for large modernized coal mines, since the higher the degree of mechanization and automation, the larger will be the proportion of high-grade energy to be consumed. Let us take as an example the Pingshuo opencut coal mine, being planned to be operated as a joint venture using Chinese and U.S. investment. Here nearly all the energy consumed is of the high grade while the coal produced is energy of the low grade. This is certainly an instance of substituting high-grade energy for low-grade energy. But are we going to proceed with this plan? Second, the key question is obviously not one of the grade of input or output, but rather one of the comparison between the amounts of input and output which will affect the economic result. According to the data already shown, the cost of standard fuel consumed in every 100 ton/kilometers of vehicle transport accounts for only 0.6-2.4 percent of the revenues produced, and this ratio can be profitably maintained over a distance of more than 5,000 kilometers. Thus for every ton of coal transported to Jiangsu, Zhejiang or Shanghai, the state can gain an additional industrial output value of 2,000-3,000 yuan and an additional net profit of approximately 500 yuan. From this, we can see that the gain will far outweigh the expenditure. Since the means of transportation is seriously inadequate, should we actively develop vehicle transport or still "determine production according to transport capacity" which will mean the closing or suspension of mines and the loss of 300,000-500,000 tons of coal each year from its huge stockpiling, its being burned by the producers and its being washed away, while industry and agriculture in urgent need of coal can hardly make any headway? It will not be difficult for wise persons to make the decision.

Many persons have expressed their views on power conservation through improved washing and selection of coal or the processing of coal. The former will require huge quantities of industrial water and may cause serious pollution to the water sources. If the coal mud or coal particles washed out of the washing and selection plants are recovered for power generation, we will have to build many power generating stations and need huge quantities of water besides polluting the air and the water sources. If, according to the latter method, coal is to be gasified or liquefied, the same problems will exist, and there are doubts about the adequacy of our technology. Therefore, the use of these methods to solve the problem of energy for transportation in place of railway construction still requires a great deal of work. Meticulous calculations and comparisons must be carried out before there can be any planning or arrangement.

(III)

Many articles have been written on the use of the sea, the Changjiang River and the Grand Canal in collaboration with railway transport and as a means of reducing capital construction investment for railways, and there is no need to dwell on it here.

In view of the situation in Shanxi and the special features of pipeline transport here, I am of the opinion that in setting up a coal base in Shanxi, the use of pipelines, compared with other means, should deserve greater attention for the following reasons:

First, coal transportation in Shanxi is basically one-way traffic, and only 16 percent of the available space on the return trip is utilized. This is a very serious waste. The special feature of pipelines is that it provides a one-way and continuous flow with a utilization rate of more than 99 percent. The larger the load and the longer the distance, the more economical will it be. This exactly meets the special requirements of transporting coal out of Shanxi.

Shanxi is at a high elevation and the majority of coal fields are approximately 1,000 meters above sea level. Most of the relay stations and consumer centers, such as Beijing, Tianjin, Shanghai, Jiangsu, Zhejiang, Hubei and Hunan, are less than 100 meters above sea level. By using pipelines for coal transportation, we can make full use of the natural potential energy and save a large quantity of energy. (According to an estimate, one pipeline can save at least 30,000 tons of energy, in terms of standard fuel, and 2 million yuan in operating expenses.) Compared with the fruitless energy consumption on the cars returning empty in an uphill climb, the superiority of pipelines cannot be disputed.

Third, since Shanxi is surrounded by mountain ranges, the limiting gradient for railways cannot be more than 3 percent, if higher transport efficiency is to be ensured. The required detours, digging and filling-in, bridges or tunnels call for a great deal of engineering and add to the capital construction investment. For pipelines, the limiting gradient can be as high as 16 percent and this means a considerable saving in engineering and capital construction investment.

Fourth, pipelines for transporting coal are buried under the frozen soil layer, and the space occupied, (including the space for work lanes) is only 25 meters wide during construction, when only some seedlings have to be sacrificed; and the permanently occupied space is only 2.5 meters. After the filling-in, the land can still be used for crops, and farming will no longer be affected. The stations are 100 kilometers apart and occupy very little land. The railway corridor is 65 meters wide (including the space on both sides where the soil is collected). The land is in effect permanently occupied; the construction involves even more space; and the stations are only 7-8 kilometers apart, their number being tens of times that of pipeline stations. A comparison will show that pipelines occupy only 4-8 percent of the land occupied by railways. In a country where the population is huge, the area is small and the per-capita farmland is less than 2 mu, the area of land to be used is an important question,

especially in Shanxi where the total area of plains is less than 20 percent. This loss, including the loss from the resultant reduction of agricultural output, is incalculable and hardly repairable. For every kilometer, the expenditure for the use of land by railways is 170,000-180,000 yuan; by highways, only 5,500 yuan or 3.3 percent of the amount for railways.

Fifth, according to the result of a comparison of the modes of transportation for coal from Pingshuo to Tianjin, the construction of a 720-millimeter pipeline, which is 20 percent shorter than a railway, required 60 percent less time, 47 percent less steel materials and 50 percent less in both investment and cost; and the time required for the recovery of investment was also 60 percent shorter. When the gasification and liquefaction of coal has been accomplished, the pipelines can be converted to transport fuel in gas and liquid forms. To our country which is short of both coal and money, this will be a very big advantage.

Sixth, the technology of pipeline transport for coal is not as novel and terrifying as people generally imagine. For the Fangshan Coal Mine under the Jingxi Mining Administration Bureau, a 10-kilometer low-density coal pipeline of 273-325 millimeters in diameter has already been constructed. There is also a pipeline for the transportation of coal cinder for the Kaifeng Power Plant in Henan. The pipeline for transporting mineral ores in the northeast could still resume normal operation after 3 days' suspension. The 556-kilometer oil pipeline of 720-millimeter diameter from Daqing to Fushun--the first of its kind in China--together with large pipeline manufacturing machines, large mechanical pumps and valves, and the whole project transporting highly-condensed crude oil was completed in 15 months from August 1970 to October 1971, even though there were no experienced pipeline construction personnel, and no samples of large-diameter pipes or large mechanical pumps to be seen in our country. Up to now, this pipeline has been operating at full capacity for 10 years. We are now able to mass produce 720-millimeter steel pipes and to manufacture ordinary pipeline equipment, since we have a fairly efficient technical force and the necessary equipment for surveying, design, research, construction and production in addition to the experiences of constructing thousands of kilometers of oil pipelines and the ability to produce 500 kilometers of 720-millimeter pipelines each year. There are only a few links, such as grout-making and dehydration, of which we are not yet quite sure, but the relevant scientific research organs have been instructed to keep on their work in this direction. As long as the diameter of the solid bodies, their composition, the density and fluidization are suitable for the gradients, normal operation can be guaranteed. A breakthrough is entirely possible provided the necessary technical force is organized to tackle the key problems. Just in case this breakthrough cannot be made on schedule, it would not cost much to import certain equipment and technology for certain links. As soon as the theory is clarified, it will be possible for the equipment to be manufactured in this country. There should be no reason to withhold action for fear of difficulties.

It should be particularly emphasized that all these theories, lines of reasoning and views on the technical aspects are by no means a creation of my own, but are rather based on the common understanding of the experts of the pipeline survey and design academy under the Ministry of Petroleum Industry including Comrade Xiao Xinvao [5135 1800 6674] and the experts in many other fields.

It is true that pipeline transport for coal also needs water, and it is generally believed that 1 ton of water is needed for every ton of coal. According to this way of calculation, the amount of water for this purpose, compared with what is required for power transmission and the equipment for railway transport (including the water to be used in production and in daily life) cannot be too much (and may even be less). Therefore, water consumption cannot be the cause for rejecting the use of coal pipelines.

In short, my opinion is that the central or key link in building Shanxi into a coal energy base is transportation, and that in choosing the modes of transportation, we should broaden our vision and bring into play the positive roles of various modes of transportation, including the use of highway vehicles. We should conduct a comprehensive analysis from the standpoint of economic results, compare the different plans and use our funds to the best advantage. On this basis, pipeline transport for coal is probably most suitable for the local conditions, most economical and most helpful in making an early breakthrough in the difficult problem of transporting coal out of Shanxi. Once such a breakthrough is made, we will be able to not only save a great deal of funds and greatly accelerate the progress of the base construction, but also greatly reduce the pressure on the normal railway capacity in transporting coal out of Shanxi. Then, under a unified planning and overall arrangement, railways will be able to play a greater role in the exchange of materials inside and outside the province. This will not only help to improve the economic results of railways (since the proportion of empty cars will be greatly reduced and the freight for other materials is higher than for coal), but also be very advantageous to bringing into play the strong points and avoiding the weaknesses according to local conditions, developing economic diversification, promoting the productive forces of the province in an all-around way, developing the exchange of materials inside and outside the province, improving the economic results and changing the poverty and backwardness of the people (particularly the peasants) of Shanxi.

GENERAL

IMPROVEMENTS IN INDUSTRIAL PRODUCTION, COMMUNICATIONS, TRANSPORTATION

Beijing ZHONGGUO CAIMAO BAO in Chinese 30 Dec p 1-2

[Article: "Six Characteristics of Industrial Production and Communications and Transportation in 1982"]

[Text] It is estimated that the total value of industrial production throughout the nation increased 7 percent over last year. It is estimated that the production of 100 major commodities, except in those cases where production was purposely limited, met or exceeded plans. In most cases, the outlook on having reached our economic targets appears to be better than last year.

In 1982, we further implemented the policy of readjustment, restructuring, consolidation and improvement on the industrial production and communications and transportation battlefronts, centering on improving economic results and tackling problems early, firmly and realistically, with balanced and steady growth in production, and the state of production has been even better since the convening of the 12th Party Congress. It is estimated that the total value of industrial output throughout the nation increased 7 percent over last year. The rate of increase in industrial production was 4 percent or more in each province, municipality or autonomous region throughout the nation, some reaching 16.5 percent. It is estimated that the production of 100 major commodities, except in those cases where production was purposely limited, met or exceeded plans. The production of raw coal, electricity, steel, plateglass, sulphuric acid, sodium carbonate, caustic soda, and chemical fertilizer and the volume of rail freight and passenger traffic all reached their highest levels ever. In most cases, the outlook on having reached our economic targets appears better than last year.

This year, our industrial production and communications and transportation were characterized by the following six features:

1. We took the improvement of economic results to be our focus: In March of this year, at a national industrial communications work conference convened by the State Council, Premier Zhao Ziyang [6392 4793 7122] pointed

out that the guiding ideology in industrial production and communications and transportation work had to be set on a track which takes the improvement of economic results to be the key. Because of this change in guiding ideology, the following changes in work occurred: 1) We focused on value and volume of production and on whether products met needs and were marketable, and we focused on the quality, variety, consumption and costs of products. Every prefecture and department and many enterprises continually made adjustments in the supply and in the variety, specifications and grade of products in keeping with the changes in market conditions, paying attention to effectiveness and reducing excesses. 2) We were attentive to products that were part of the plan and also made great efforts to trial produce new products and to put them into production. More new products were trial produced this year than in any other year. There were nearly 65,000 new light industrial products produced this year, of which 30,000 are already being mass produced. There were more than 700 new machinery products trial produced this year; the chemical industry has put 341 experimental drugs into production. 3) We paid attention to handling intensive expanded reproduction, and began the focused, step by step development of the technical reform of existing industries. 4) We strengthened the direction of production, stressing economic management. This year, industrial ministries universally emphasized market adjustments, increasing the exchange of economic information and doing good, aggressive product sales work. Early in the year, comrades of the Machine Building Ministries, the Ministry of Chemical Industry, the Ministry of Metallurgical Industry and others visited product requirement departments, exchanging information and specifically delegating production duties. In the dual economic system throughout the nation, 13 provinces have established market condition agencies. The Ministry of Textile Industry has developed product sales work in various ways, such as through combining industrial trade and commerce, the joint management of industrial trade and commerce and holding conferences on joint industrial and commercial selection and ordering of goods. 5) We stressed the combining of scientific research and production. Shanghai organized the 30 mills in its textile network, the main Shanghai Jinshan General Petrochemical Plant and concerned research units into 12 cooperative production lines, bringing about close coordination of all operations from research to production and from raw material processing to the handling of finished textile goods, promoting the development of production and the advance of technology and hastening the generational advance of products. 6) We did a good job of increasing income both through increased production and through reduced expenditures.

2. We upheld production according to need: In the previous three years (1979-81), light industry and the textile and electronics industries grew at an average rate of 14 percent a year. So far this year, while facing the new conditions of abundant supplies of commercial goods and changing needs, through solid work, sound economic management, varying product lines and basing production on need, production has continued to increase. The supply of certain consumer goods has increased greatly. The amounts of gauze, cloth, woolen goods, knitting wool, sugar, beer, synthetic detergent and manufactured plastic goods have increased anywhere from 5.8 percent to 26.9 percent. There was relatively good development in

the food industry and in the production of products for children. We avoided the overstocking of products such as blended polyester cloth which are under plans and need to be controlled. The total value of light industrial production throughout the nation is estimated to have increased by 5.1 percent over last year.

3. Through adjustments, heavy industry made a large recovery: Heavy industry began its recovery in the fourth quarter of last year, and production increased steadily this year. There was a greater increase in the production of major products this year than last. It is estimated that the production of rolled steel increased 8.2 percent, steel 4 percent, sodium carbonate 4.1 percent, caustic soda 6.6 percent, cement 9.5 percent, plateglass 14.2 percent, autos 12 percent, walking tractors 31 percent and lumber 1.2 percent. Production of people's goods produced by national defense industries increased 15.6 percent. It is estimated that the total value of the output of heavy industry this year increased 9 percent over last year.

So far this year, the area served by heavy industry has continued to expand and heavy industry has further developed in terms of supplying raw materials and equipment for agriculture and light industry. The machine building industry has supplied 2,000 types of specialized equipment, 13.4 percent more than last year. It is estimated that 16 percent more concrete components will have been produced by construction materials industry for rural housing construction this year than last year; the 11 provinces, municipalities and autonomous regions producing these components last year expanded to 24 this year.

4. Energy production and communications and transportation goals exceeded plans month by month: This year under conditions in which heavy industry made a large recovery and yet energy supplies and transportation lines were inadequate, the production of electricity, raw coal from unified distribution mines and crude oil, and communications and transportation completed their plans each month. It is estimated that we fulfilled 104 percent of the raw coal plan, a 4.5 percent increase over last year. Of this, raw coal from unified distribution mines exceeded the plan by 5 million tons and local mines exceeded the plan by 200,000 tons. It is estimated that crude oil production was up 0.8 percent over last year. It is estimated that electrical generation increased 5.1 percent over last year. At the same time, after several years of adjustment, 86 of 96 mines where excavations were severely out of balance were finally brought to regular levels by the end of the year. Oil fields have strengthened their exploration for oil reserves, increasing geological reserves of crude oil. The completion of the fine tuning of the 11 large electrical networks throughout the nation met anticipated demands. The safety of coal mines, oil fields and electrical stations was better than last year.

Communications and transportation departments strengthened their organizational control, uncovered hidden potential and improved efficiency. It is estimated that the volume of rail freight increased 6.7 percent over last year; that passenger traffic increased 4 percent; that the volume

of freight shipped under the direct supervision of the Ministry of Communications increased 3.9 percent; that the handling capacity of major coastal ports, the total volume of turnover of air passenger flights and the total volume of postal and telecommunications services supplied increased by 5.9 percent, 15.9 percent and 4.3 percent respectively. The transport of major goods and materials, such as coal, chemical fertilizer, lumber and foreign trade exports, is estimated to have met or exceeded plans in every case, and the work of hurried transport of winter coal was performed better than last year.

5. There was a good beginning to technical improvements: So far this year, and especially since the 12th Party Congress, the notion that a revitalized economy must rely on technical improvement has become increasingly clear. The situation in which industry emphasizes production and neglects technology, emphasizes capital construction and neglects reformation has been gradually changing.

Some of the 5,000 items slated by the state for technical reform this year have already produced results. For example, in the area of communication and transportation, we have increased the handling capacity of ports by 3 million dun, and added 21 freight trains; technical reform items in key planned industries have increased the production of products that are in short supply, such as strip steel, steel pipe and steel plate by 141,000 tons, caustic soda by 50,000 tons, sulphur and iron ore by 52,000 tons, phosphate rock by 55,000 tons, plateglass by 70,000 standard crates and cement by 58,000 tons.

6. Economic results have improved: This year, the economic results in industrial production have generally been better than last year. Most of the economic targets in the budget for state run enterprises were higher than in past years. Compared to the same period last year, the total value of industrial output from January to November of this year was up 7.1 percent and income from sales was up 7.9 percent. Profits handed over in combination with sales tax funds also increased. Fewer enterprises lost money and less money was lost, and costs fell somewhat. Labor productivity from January to October was up 3 percent.

The quality and consumption of products has also improved. According to statistics, from January to October, there was stabilization and improvement in the quality of 59 or 78.7 percent of 75 major products under the purview of the industrial and communications and transportation ministries. Of 1,700 machinery products given key inspections by the machine building industry, it is estimated that the number given a first class rating increased 3 percent over last year. The consumption of 69, 65.7 percent out of 105 major products throughout the nation fell or leveled off. And it is estimated that over the entire year, the conservation plan calling for a savings of 200,000 tons of standard coal was exceeded.

In addition to this, there were new advances on the industrial and communications and transportation battlefronts this year in the areas of political and ideological work, enterprise adjustment, staff training,

industrial reorganization and the merging of enterprises, economic cooperation between areas and equipment and plant management, all of which hastened the development and improvement of economic results of industrial production and communication and transportation.

The problems this year in industrial production and communications and transportation involved the low level of efficiency, high consumption and tremendous waste which were quite widespread and are full of hidden potential; the congestion in communication and transportation is presently our weakest link; and the production of certain raw materials (rolled steel, pig iron, etc.) are not meeting our needs.

9705

CSO: 4006/182

GENERAL

TIANJIN CONFERENCE ON DEVELOPING COLLECTIVE ECONOMY

SK061408 Tianjin TIANJIN RIBAO in Chinese 14 Dec 82 p 1

[Excerpts] A conference on the collective sector of the economy in urban areas sponsored by the municipal people's government concluded recently. The conference emphatically pointed out that all fronts must brace up their spirits, emancipate minds and contribute to creating a new situation for developing the collective sector of the economy in our city.

The conference was presided over by Deputy Mayor Hao Tianyi. Li Ruihuan, secretary of the municipal CPC committee and acting mayor, spoke at the concluding session.

The conference contended that if we are to create a new situation for developing the collective sector of the economy in our city, the following problems must be successfully solved.

First, it is necessary to enhance our understanding of the necessity, importance and urgency of developing the collective sector of the economy in cities and towns. The conference pointed out that ideological problems, a lack of understanding and the influence of "leftist" ideology are still the major obstacles to the development of the collective sector. After discussing the relationships between the development of the collective sector and the achievement of the general task for the new period, conference participants pointed out: Developing the collective sector of the economy is not a stopgap measure. It is a strategic policy for readjusting the industrial structure and the structure of ownership and for promoting the development of productive forces. It is an imperative undertaking which we can ill afford not to promote. It is not a nonessential undertaking which we can do without, but an indispensable, important sector for meeting the needs of people's livelihood and the society. It is a principal way to solve the employment of urban youths. It is needed to promote economic prosperity and achieve the grand goal of the quadruple increase. Therefore, leading comrades at all levels must not continue to take a wait-and-see attitude. Instead, they should make themselves promoters of the collective sector of the economy in urban areas.

Second, everybody should pitch in. It is necessary to mobilize the enthusiasm of all sectors of the society. All trades and all professions are blessed with some conditions for developing the collective sector and they should fully utilize their strong points. State-run enterprises should transfer some

materials and technologies, vacate a little space, lend some capital, release part of their cadres and technological personnel and make comprehensive use of the leftover bits and pieces of their industrial materials to help the collective sector "mount the horse and accompany it part of the way." Meanwhile, industrial and mining enterprises may also organize youths awaiting work and let them undertake the service and logistic work for their staff and workers on a contract basis. Commercial departments should institute structural reforms and readjust the proportion of the different sectors of the economy. Capital construction departments should release some veteran workers to organize youths awaiting work into capital construction teams, with themselves as the backbone technological force. These capital construction teams may serve as a supplement to the state-owned construction team, with medium and small-sized projects undertaken by the former and large-sized, key projects by the latter. Municipal engineering, environmental sanitation and gardening departments may, in general, organize collective teams to undertake nonessential projects. Efforts also should be made to solve the shortage of nurseries through diverse channels and methods.

Third, be active and steady and pay attention to real problems. It is necessary to genuinely implement the principle of "assuming full responsibility for one's profits or losses and distributing according to one's work," and allow the staff and workers of collective enterprises to prosper through honest work. Their wages may be higher than their counterparts in the state-run enterprises. It is necessary to help the collective sector by way of tax exemption or tax reduction. Newly established collective enterprises may be exempted from taxation for 3 years. After 3 years, their tax may be still exempted or reduced if they really have difficulty paying taxes. Active efforts should be made to take steps and work out measures to solve the labor insurance problems for the staff members and workers in the collective sector as quickly as possible. Relevant departments should adopt different methods to actively help solve the problem with regard to the space for establishing collective enterprises. Housing administration departments should allow collective enterprises to purchase houses. The planning commission should allot quotas and planning departments should allot lands accordingly to collective enterprises to build new houses. To stabilize the staff members and workers of collective enterprises, it is necessary to resolutely implement the employment policy of "three combinations," to raise the political and social status of the staff and workers of collective enterprises. Staff members and workers of collective enterprises may join trade unions. Those who qualify may join the CYL or the party. They may also be elected to become model workers and government officers at all levels.

Fourth, it is necessary to exercise effective leadership. Efforts should be made to establish an organizational system linking up high and low and left and right as well as a powerful and effective leading organization. This is crucial to creating a new situation for developing the collective sector of the economy. Efforts should be made to reinforce the municipal office for the collective economy, and district offices for the collective economy should be set up by the

end of January 1983. The various commissions should assign a leading comrade and designate sections and offices to take charge of this work. Bureaus assigned heavy responsibilities should set up special organs to direct this work.

Party and government organs at all levels as well as relevant departments should regard the development of the collective sector an important task and place it on their agenda. Efforts should be made to do research on the collective sector just as we do on state-run enterprises. The various commissions and offices under the municipal government such as the planning, economic, financial and construction commission should regard supervision over the state-run sector as well as the collective sector of the economy as their work. In arranging for development plans, the municipal planning commission should incorporate into their plan the collective sector of the economy. In future we should take the development of the collective sectors as part and parcel of the performance evaluation of the various units.

CSO: 4006/215

GENERAL

GUANGXI REGIONAL CONFERENCE ON ECONOMIC WORK

HK171305 Nanning Guangxi Regional Service in Mandarin 1130 GMT 16 Jan 83

[Text] The regional economic work conference held by the CPC Committee and people's government of the region opened in Nanning yesterday morning. This conference was held for the purpose of studying and implementing the principle and policies of the CPC Central Committee on economic work and to discuss how to do a good job in the economic work of the region, create a new situation in the economic field and score new achievements in the economic construction in the new year. Comrades in charge of the economic work at all prefectural, city and county levels of the whole region; responsible comrades of the planning commission, financial office and scientific commission at various prefectural, city and county levels; responsible comrades of import and export commission at various prefectural and city levels; responsible comrades of foreign trade and commercial departments, and supply and marketing cooperatives at prefectural, city and county levels; and responsible comrades of bureaus, departments and commissions at regional levels amounting to a total of over 1,100 persons attended the conference.

Also attending the conference were responsible comrades of the regional IDC committee and people's government Qin Yingji, Zhou Guangqun, Liao Shengdong, Wang Zhuguang, Mo Naiqun, Li Lin, Gan Ku, Luo Ming and secretary general of the regional people's government Wei Chunshu.

Qin Yingji, secretary of the regional CPC committee and chairman of the region delivered a speech at the conference. He said: We must conscientiously implement the instructions of the CPC Central Committee and State Council and further define the guiding ideology, tasks, principle and policies of the current economic work. It is essential to further seek unity in our understanding, thinking and action on major problems of the current economic work, so that we can score new achievements in the economic work of the whole region in the new year and strive to make the level of overall development of the national economy higher than last year.

Comrade Qin Yingji said: In the current economic work, we must try [word indistinct] means to firmly grasp energy resources and communication well. It is necessary to further resolve well the problems of mediating the circulation of commodities, providing rural areas with industrial products and the purchase and marketing of agricultural and sideline products. Developing small hydropower stations and fully utilizing the water resources of our region is a strategic task for attaining

electrification of rural areas of our region. [word indistinct] must be firmly grasped well. In developing the production of commodities, we must suit measures to local conditions, give full play to our superiority and not impose uniformity on everything. It is imperative to break through all irrational conventions, rules and regulations still existing in our economic work, and correct the "leftist" way of thinking and working.

The conference will further relay and discuss the spirit of the national planning, finance, commerce, foreign economic trade planning prices, technical transformation, scientific and technical work of medium and small size cities, environmental protection, housing construction in towns and villages conferences and so on held by the State Council and relevant departments and commissions.

CSO: 4006/215

GENERAL

XINJIANG MEETING URGES PROMOTING PRODUCTION

HK010648 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 31 Dec 82

[Summary] The Xinjiang Regional CPC Committee convened a Standing Committee meeting on 27 December, which demanded that all areas and departments get a good grasp of production right from the start of 1983 and strive for new achievements.

The meeting pointed out: "There is a lot to do in the first quarter. Administrative restructuring has to be undertaken in the regional organs and in the prefectures and municipalities. The rural and pastoral areas must conduct ideological and political education and education for party members. The industrial enterprises must continue to carry out consolidation and, in conjunction with this, conduct ideological and political education for the staff members and workers. All departments have to undertake their year-end summations. Hence, in accordance with the spirit of the 12th party congress and the 5th Session of the 5th NPC, we must make proper arrangements for current industrial, agricultural, and animal husbandry production, communications and transport and other work, and get a thoroughly good grasp of all this work. In particular, we must ensure continued growth in industrial production and financial revenue in the first quarter. Past experience has proven that if production and work are done well in the first quarter, not only are conditions created for increase of industrial production and financial revenue in the second quarter, but the foundation is also laid for steady growth of industrial production and financial revenue over the whole year."

The meeting held: It is necessary to do a good job in supplying the new year and Spring Festival markets, and clear the circulation channels. It is also necessary to arrange Spring Festival passenger and freight transport well.

"Implementing the nationality policies and strengthening nationality unity represent a long-term task. We must grasp this work firmly and well right from the start of the new year. We must also get a good grasp of social order, launch the five stresses and four points of beauty drive in depth, and conduct education in advocating four things and opposing four. Thus the region's political situation of stability and unity will be further consolidated and developed."

CSO: 4006/215

GENERAL

XIZANG LEADER ON ECONOMIC DEVELOPMENT PLANS

HK010225 Lhasa Xizang Regional Service in Mandarin 1130 GMT 31 Dec 82

[Excerpts] The Xizang Regional CPC Committee work conference held a plenary session on the afternoon of 31 December. Regional government Vice Chairman Yang Zongxin spoke on the region's economic development plans for the next 20 years. The speech was in three parts: 1) the importance and feasibility of rapidly developing the region's national economy; 2) the targets of endeavor in economic development; 3) the principles and policies for speeding up the region's economic development.

He said: In order to speed up the region's economic development, the regional people's government has studied the current state and the history of the national economy in Xizang, considered in a truth-seeking way the aims, focal points and measures for development, and drawn up an initial scheme. Comrade Yang Zongxin then proposed a series of specific targets to be met by the region from 1980 to the year 2000 in order to quadruple industrial and agricultural output value. He said: We have very many favorable conditions for achieving these targets. First, we have the correct leadership of the Central Committee and the party's principles and policies, which are profoundly supported by the masses. These constitute the fundamental guarantee for achieving our targets. Second, the region has social stability and consolidated border defense. The people of all nationalities are united as one, thus providing a stable political environment for economic construction. Third, the region has achieved a certain degree of success in economic construction since the democratic reform. We have also accumulated some valuable experience. Fourth, there are abundant resources to be exploited and utilized, and potentials are very great. Fifth, we have great help and assistance from the central authorities and the fraternal provinces, municipalities and autonomous regions.

Yang Zongxin also analyzed certain difficulties affecting future economic development in Xizang. He said: We cannot just look at the favorable side and forget or ignore the difficulties facing us. We should realize: 1) Xizang is a cold, high place with a changeable climate and frequent natural disasters; the climate is unfavorable for improving agricultural output and quality; 2) there is a serious shortage of fuel and power, transport is poor, and the communications lines are long; this is unfavorable for rapid industrial development; 3) although the region's natural resources are abundant, it will be very difficult to engage in their large-scale exploitation and utilization in the coming 10 years due to restrictions imposed by the current energy and transport situation; 4) there is a shortage of scientists and technicians and of specialists of all types.

Having analyzed the favorable conditions and difficulties facing economic construction in Xizang, Yang Zongxin said: So long as we can face reality, strictly act according to economic laws, rely on the party's principles and policies, on the hard work and effort of the people of all nationalities in the region, on the support and aid of the central authorities and the other provinces, municipalities and autonomous regions, and especially on the progress of science and technology, it will be completely possible to achieve rapid development of the national economy in Xizang.

In order to fulfill the targets of endeavor for the next 20 years, Yang Zongxin divided future development into two 10-year stages, and also proposed growth rates for these stages. He said: In the first 10 years the region's total industrial and agricultural output value should rise by 5.7 percent a year; in the latter 10 years, we should strive for a 7.5-percent annual growth rate. This means that, the average annual growth rate in the next 18 years should be 7.2 percent. Only by achieving this growth rate can we reach the general aim of our plans.

Yang Zongxin also put forward arrangements and measures for quadrupling annual industrial and agricultural output value by the end of the century and proposed development plans for industry, agriculture, energy, transport, education and commerce.

Comrade Yang Zongxin said in conclusion: Having gotten a clear idea of the targets of endeavor in developing the region's national economy, we must work hard to achieve them.

CSO: 4006/215

GENERAL

TIANJIN ISSUES RIVERBANK MANAGEMENT REGULATIONS

Tianjin TIANJIN RIBAO in Chinese 26 Sep 82 p 1

["Regulations For The Management Of Riverbanks Notice" issued by the Tianjin Municipal People's Government on 25 September 1982]

[Text] The Haihe is our city's major source of water supply as well as a ribbon of great scenic beauty. The two banks of the river, a key recreation center for the people, play an important part in the life of the residents of the city. In order to safeguard the quality of the water, to preserve the beauty and greenery of the environment and to turn the banks of the Haihe step by step into a belt of parks, the following regulations are hereby promulgated:

1. According to the requirements for renovation, the following areas are to be considered the subject to riverside control: along both banks the levees form the border; where there are no levees, the curbstones along the public roads bordering the river form the limit; where no roads exist, a line 20 meters beyond the rear slope of the river dikes forms the limits; where there are no dikes, a line 20 meters beyond the line of the river bank forms the boundary. The key points for control are the 8.2 kilometers from Chingang Bridge to Sixin Bridge on the right bank of the Haihe and the 11.6 kilometers from the Chingang Bridge to the mouth of the Yueyahe on the left bank of the Haihe.
2. All constructions and installations within the controlled areas which have nothing to do with the river channel must be dismantled. Those production operations and control installations which are closely related to the river channel, such as pumping stations, bridge operator buildings, river fords and public restrooms may be retained upon approval, but must be touched up and beautified.
3. The concerned units must be responsible for dismantling those structures and installations which must be dismantled and for cleaning up all the debris before 20 October. Those structures that have not been dismantled after that date are to be dismantled by the local neighborhood office and the control stations which are to be paid in kind in return for their labor. The bricks, tiles, stones, bamboo fences, bamboo poles, asphalt roofing, reinforced steel bars and metal tubes of private unlicensed homes not entitled to compensation are to be disposed of on the spot and are not permitted to be moved to the new homes. The concerned neighborhood offices and the buildings control stations are to offer their assistance and to exercise their supervision.

4. The river banks are to be afforested and turned into a belt of parks. After the debris has been removed and the structures have been dismantled, the sites are to be afforested and roads are to be built. Steps are to be taken to clear the land for afforestation and to proceed with the work of dismantling, cleaning up, afforestation and beautification simultaneously.

5. Each and everyone must assume responsibility for environmental sanitation. No indiscriminate digging, littering, dumping, throwing of fruit peels and scraps of paper are to be permitted along the banks of the Haihe. Offenders are to be fined according to regulations.

6. Control of the river banks and of the project is to be strengthened. Before the entire project for urban construction has been finalized, no piling up of materials and no constructions are to be permitted within 20 meters along the two banks of the river. No unit is to be permitted to put up permanent structures within 30 meters. Structures within 100 meters of the banks of the river may be permitted only after they have been reviewed by the regulatory bureau of the city and approved by the municipal people's government. Buildings within these limits may be permitted only under special circumstances and only if they blend in with the general appearance of the river, the city and the street scene.

7. These regulations are to be supervised and enforced by the office for the control of the appearance of the city of the Tianjin Municipality.

All the offices, organizations, neighborhoods, schools, enterprises and units as well as all the residents of the city must abide by the above regulations, act in a positive manner and cooperate as one to implement the spirit of the 12th CPC National Congress in making further contributions so that Tianjin may become a civilized, neat and tidy and beautiful socialist modern city.

9621

CSO: 4006/157

GENERAL

TIANJIN ERECTS 20,000-TON COLD STORAGE DEPOT

Tianjin TIANJIN RIBAO in Chinese 24 Nov 82 p 2

[Article by Zhang Xunhe [1728 6064 0735]: "Tianjin Completes Building of 20,000-ton Cold Storage Depot"]

[Text] Inside the premises of the No 2 Cold Storage Plant on Hongqi Road in Tianjin rises an imposing silvery white edifice that looks like a budding magnolia from afar and a snowy crag up close. That is the newly completed and largest single cold storage depot in the nation--the 20,000-ton single unit cold storage depot put by the the No 2 Cold Storage Plant of the Tianjin Food Company.

Cold storage depots are generally of two kinds. The first, made up of several units and connected by staircases and passageways, are called multiple-unit depots. The other, which stand alone, are called single-unit depots. The depot in question is a single-unit depot measuring 35,000 square meters in area and with a refrigeration capacity of 20,000 tons. Nine stories high, it is the largest, most capacious and tallest single-unit depot in the nation as well as one of the key large and medium-sized capital construction projects of the nation in 1982. Its 20,000-ton refrigeration capacity represents 10 percent of the additional 200,000-ton capacity planned by the state for this year. There are normally two busy seasons for the pork market. The July and August season is known as the minor busy season, while the season prior to the Spring Festival is known as the major busy season. However, the peak periods for pork consumption are generally the periods immediately preceding and following major festivals. The consumption of pork rises as the people's livelihood improves and more wedding feasts are given. The summer, especially during July and August, is the off season so far as the consumption of pork is concerned. Despite the size of Tianjin, the commercial departments have the total cold storage capacity of only 33,000 tons. In view of the large quantity of meat consumed and the small quantity of meat produced in Tianjin, most of the meat has to be supplied by the state or other provinces. Because of the shortage of cold storage plants, the foreign trade and marine products depots are crammed with meat during the busy season. Sometimes depots even have to be rented for meat storage in the meat-producing areas. The money paid for renting depots in several years would be sufficient to build a new one. Due to the shortage of storage space, meat oftentimes cannot be stored, shipped to other places or disposed of. Some peasants, who sometimes have to herd

fattened pigs for over 10 li without finding a buyer, become so frustrated that they lose all desire to engage in pig rearing. During the busy season, however, all the meat kept in storage is liable to be sold within a few days. The supply of meat is likely to run out unless freight cars are sent to truck in meat from outlying areas. It can be seen therefore that the construction of cold storage depots has a direct effect on the positive attitude of peasants and livestock breeders, the supply of meat and subsidiary foodstuffs to the people in the urban areas, the economic benefits of food product companies and foreign trade. In recent years, the residents of Tianjin have been consuming 100,000 tons of meat annually. The minimum number of pigs sold in a day is 5,000 or 6,000, while the maximum comes to 12,000 or 13,000. The completion of this cold storage depot has made it possible not only to bring about a balance between the supply and demand of meat, but also to set aside cold storage space for the storage of beef and mutton as well as fish and poultry.

According to the briefing given by the person responsible for the capital construction of this cold storage depot, this depot has several special features. First, it has a high capacity for refrigeration and is capable of maintaining the temperature at around -20 degrees Centigrade so that meat can be kept fresh for 10 months to a year. The meat trucked in by refrigerator cars at a higher temperature can be refrozen rapidly to a temperature of around -20 degrees Centigrade. The construction of this cold storage depot has now been basically completed, and every effort is being made to complete what little remains to be done. This depot, the temperature of which has now been lowered to around 8 degrees Centigrade, will be ready for the storage of meat by the end of this month. As likely as not, the sliced meat, the meat cooked slowly in fat and the steamed meat with rice flour on your dinner table during the Spring Festival are the first batch of "residents" of this cold storage depot! Second, this cold storage depot is an expanded construction project. Many installations, such as water, electricity and roads, can make use of the existing facilities so that investment is about 50 percent less than what it would cost to construct a similar cold storage depot from scratch. Once the depot is in operation, each ton of meat could generate 0.7 yuan in profit a day. By strengthening management and reducing the cost, the net profit generated in 5 years would be equivalent to the entire amount invested in the construction of the depot. Third, this cold storage depot was constructed with the geological structure of Tianjin in mind and is strong and solid enough to withstand earthquakes measuring 8 on the Richter scale.

As I strolled around the cold storage depot after the briefing, I saw the depot standing silvery, slim and graceful. In front and behind the depot stretched highways and railways into the distance. They reached through arched gateways to where pigs and herds of cows and sheep are kept in the pens in the rural areas on the one side and to the dinner tables of thousands of households on the other. It was at this time that a piece of good news was passed on to us by the person responsible for this capital construction: that the construction of the first 9,000-ton capacity cold storage depot for eggs in our city is in the planning and preparatory stage and that another refrigeration depot will take shape on the horizon of the bank of the Haihe.

How many delicious meals is the refrigeration depot going to put on the dinner table?

GENERAL

RATES FOR WASTE MATERIALS IN LANZHOU PUBLISHED

Lanzhou LANZHOU BAO in Chinese 7 Nov 82 p 3

[Article: "Receiving Stations and Rates for Major Waste Materials in Lanzhou"]

[Text] Each household can turn its waste materials into cash by handing them over to the state. In view of the fact that many households are not aware of the locations of the receiving stations and the rates for waste materials, the following information is offered to our readers.

1. Receiving Stations

In the Chengguan area, receiving stations have been set up in the following locations: Tianshui Road, Minjia Bridge, Linxia Road, Jingyuan Road, Guangwu Gate Back Street, Old Main Street, Flood Drainage Gully, Jiuquan Road, Xiaoshao Gate and Zhongshan Road.

In the Qilihe area, receiving stations have been set up in the following locations: Mogouyan, Small West Lake, Minluo Road, Jianlan Road and Tumendun.

In addition, in the Anning, Xigu and Baiyin areas, receiving stations have been set up in Shilidian, Wanxin Road, Shajing Courier Station, Xigu Lane, Welfare Road, Garden Road and Gongnong Road.

2. Rates for Waster Materials

<u>Material</u>	<u>Unit</u>	<u>Rate</u>
Red copper	Kilogram	3.50
Yellow copper	Kilogram	2.60
Scrap wrought aluminum	Kilogram	1.26
Scrap pig aluminum	Kilogram	0.79
Lead toothpaste tube	Piece	0.02
Scrap metal	Kilogram	0.10
Whole rags	Kilogram	0.09
Inferior rags	Kilogram	0.06
Old cloth shoes	Kilogram	0.06
Dyed bones	Kilogram	0.09
Dyed record paper	Kilogram	0.20

(chart continued on next page)

<u>Material</u>	<u>Unit</u>	<u>Rate</u>
Dyed book paper	Kilogram	0.15
Whole newsprint	Kilogram	0.32
Whole plastics	Kilogram	0.18
One-jin wine bottles	Piece	0.06
Half-jin wine bottles	Piece	0.04

9621

CSO: 4006/157

GENERAL

AN PINGSHENG REPORTS ON YUNNAN ECONOMY

Kunming YUNNAN RIBAO in Chinese 10 Nov 82 p 1, 3

[Article: "Comrade An Pingsheng [1344 1627 3932] Reports on Economic Development of Yunnan Province"]

[Text] In his report to the Fifth Plenary Session of the Third Provincial Party Committee, Comrade An Pingsheng, first secretary of the Communist Party Committee of Yunnan Province, pointed out that the most difficult period in the economy of the province had passed and that the national economy was being developed in the right direction in a steady and healthy manner.

According to Comrade An Pingsheng, the gross value of industrial and agricultural products of the province came to only 6.7 billion yuan (according to 1970 constant prices) the year the "gang of four" was crushed, that the total value of industrial production had plummeted from the all-time high of 4 billion yuan to 3 billion yuan and that the national economy was on the brink of collapse. Since the crushing of the "gang of four" and especially since the 3rd Plenary Session of the 11th Party Central Committee, the party organizations at various levels in our province led the entire party membership and the people of various races to implement the lines, principles and policies of the 3rd Plenary Session of the 11th Party Central Committee and to gradually shift the point of emphasis in their work to economic construction. It was thus that work in the economic field took a dramatic turn for the better that the serious imbalance in the ratio in the national economy was remedied and that the rate of development was speeded up. Between 1977 and 1981, the average annual value of industrial and agricultural production increased progressively by 10.5 percent and economic returns continued to rise. The most difficult period in the economy of the province had passed and the national economy was being developed in the right direction in a steady and healthy manner. Comrade An Pingsheng then discussed the major achievements in the industrial, agricultural, financial and commercial fronts since 1981.

In 1981, the total value of industrial and agricultural production came to 13 billion yuan (in 1980 constant prices), or 7.1 percent over the figure for the previous year. It is expected that the rate of increase in 1982 will be greater than that in 1981. On top of the overall increase in agricultural production in 1980, bumper harvests were achieved in 1981. The total production value in 1982 came to 5.91 billion yuan, or 9.9 percent over the figure for 1981. The total amount of grain production in 1982 came to 18.34 billion jin, or 5.7 percent over the figure for 1981. Improvements in the agricultural

structure had resulted in considerable development in the production of cash crops, animal husbandry, forestry and commune and brigade enterprises. More significant is the fact that the impoverished mountainous areas with a population of 10 million had taken on a new look. Although the regions in Central Yunnan experienced the most serious drought this year since meteorological records were kept in 1901 and certain areas were devastated by such serious disasters as frost, hail, rampaging floods and rats, the total amount of grain production was more or less the same as that of 1981. Such major cash crops as sugar, tobacco, tea, oil and rubber as well as animal husbandry, forestry and commune and brigade enterprises all registered considerable gains. The subsidiary household industries of commune members showed an even more rapid pace of development. The total value of agricultural production is expected to exceed the 4.5 percent increase projected by the original plan. The year 1982 is expected to be the third consecutive year to see bumper harvests in the province.

Industrial production in 1981 exceeded by far the 2.1 percentage rate of increase projected by the original plan. The total production value came to 7.08 billion yuan, or 8 percent over the figure for 1980. Of that amount, the light industries accounted for 3.47 billion yuan, or 17.9 percent over the figure for 1980. The enterprises under public ownership (including state enterprises) realized a profit of 1.31 billion yuan, or 13.9 percent over the figure for the previous year, while the amount of taxes paid to the government came to 1,145,000,000 yuan, or 7.2 percent over the figure for the previous year. Each 100 yuan in production value generated 24.35 yuan in profit taxes, or 5.3 percent over the figure for the previous year. Both communications and transportation exceeded the quota set by the plan. The reduction of the scope of capital construction yielded gratifying results. The situation this year is even better than that of last year. From January to September, the value of industrial production had reached 5.81 billion yuan, showing an increase of 14.1 percent over the figure for the same period last year. Not only is the extent of increase larger, but the economic benefits are also noticeably higher. The situation as regards communications, transportation and capital construction is equally promising. On the basis of the rate of progress made in the first three quarters, it is expected that the total value of industrial production this year will exceed the 8 percent increase registered last year.

The development of industrial and agricultural production has given a boost to financial and trade operations. In 1981, publicly-owned businesses bought in commercial commodities amounting to 3.83 billion yuan, or 22.4 percent over the figure for the previous year, while the retail sale of commercial commodities in the market amounted to 4,437,000,000 yuan, or 7.6 percent over the figure for the previous year. By the end of 1981, there were 2,275 centers for village fair trade. The total amount of transactions came to 940 million yuan, or 31.1 percent over the figure for the previous year. By the end of the year, savings deposits in the cities and rural areas showed a favorable balance of 923 million yuan, or 36.2 percent over the figure for the previous year. Financial and trade operations have continued to show progress this year. From January to September, the publicly-owned businesses bought in commercial commodities amounting to 3,249,000,000 yuan, or 23.4 percent over the figure for the previous year. The retail sale of commercial commodities

in the market showed an increase of 12 percent over the figure for the same period last year. In the first half of this year, the amount of village fair transactions in the cities and rural areas in the province exceeded the figure for the same period last year by 21.5 percent. At the end of September, savings deposits in the cities and rural areas showed a favorable balance of 34.3 percent over the figure for the same period last year.

Educational and scientific undertakings have shown early signs of promise. Since the 3rd Plenum, the party committees and the government at various levels have stressed the importance of education. Expenditures on education have assumed a larger percentage of the total expenditures of the province year by year, increasing from 154 million yuan in 1978 to 257 million yuan this year, or an increase of 66.6 percent. According to incomplete statistics, the province, the regions, the counties and the localities have accumulated educational funds amounting to 70 million yuan since 1979. Within a period of 3 years, 3.3 million square meters of school buildings have been repaired or newly built. Education for the minorities has been developed at a more rapid pace. A number of agricultural middle schools and other vocational schools have also been established. With the implementation of the party's policy for intellectuals, work in the scientific and technical fields has made new gains. By the end of 1981, there were 130,000 professional scientists and technicians in our province. Between 1978 and 1981, the province was credited with 1,633 scientific and technical achievements, three of which were given awards by the state in creations and inventions category and 524 were cited by the provincial people's government, not to mention the number of achievements recognized by the concerned authorities of the Central Government. A good start has been made in making full use of scientific and technical achievements to promote the development of the national economy. Undertakings in the fields of culture, public health and physical education have all shown signs of new promise.

9621

CSO: 4006/157

GENERAL

SYMPOSIUM HELD ON CHINA'S FEUDAL SOCIOECONOMIC STRUCTURE

Guangzhou YANGCHENG WANBAO in Chinese 17 Nov 82 p 2

[Article by Huang Qichen [7806 0796 5256]: "Brief Report of Symposium on China's Feudal Socioeconomic Structure"]

[Text] A nationwide academic seminar on China's feudal socioeconomic structure, its special features and its path of development was held at Zhongshan University on October 18 to 24. The following topics were discussed at some length by those attending the seminar:

1. How to Acquire an Understanding of the Meaning of the Feudal Socioeconomic Structure

One opinion expressed at the seminar was that China's feudal socioeconomic structure was the end result of the feudal relations of production. However, those comrades who shared that view had different interpretations of that statement. Some were of the view that the total sum of feudal production relations included the feudal land ownership system, the relations between landowners and peasants and the relations of feudal exploitation of land rent. Others held the view that the total sum of production relations embraced the structures of ownership, production, distribution, exchange and consumption, not to mention such factors as the remnants of the system of slave ownership and the revival of the capitalistic form of production. The second opinion was that China's feudalistic socioeconomic structure stemmed from the economic system of landowners and that the land under the control of landowners involved the relationship between possession and distribution. The third opinion tended to equate China's feudal socioeconomic structure with the small peasants economy. Prior to the Sui and Tang Dynasties, the small peasants economy was primarily that of owner-peasants. After the Sui and Tang Dynasties, the small peasants economy involved both owner-peasants and tenant-peasants with owner-peasants in the majority. The fourth opinion was that China's feudal socioeconomic structure was the natural economy derived from the merging of agriculture and domestic handicrafts, that is, the natural economy derived from China's traditional practice for men to do the ploughing and the women to do the weaving.

Although four different views were expressed as to what China's feudal socio-economic structure signified, most comrades, when discussing the factors responsible for the existence of China's feudal society for a protracted period of time, agreed that the major factor as well as the root cause was the existence of the landowners' economy. The view was expressed that although the natural economy characterized by the self-contained nature of the small peasants economy was not the major cause for the existence of China's feudal society over a long period of time, it was at least one of the causes.

2. Economy of Commercial Commodities and Commercial Capital

Two different views were expressed in the evaluation of the level of the economic development of commercial commodities in China's feudal society. Some comrades held the view that China's commercial commodities economy began to be developed in the early part of the feudal society and that the commercial commodities economy had assumed "a position of supremacy" by the Ming and Qing Dynasties. That is to say, its development and flourishing state were not based on the equal rate of growth of agriculture and handicrafts, but preceded by far by their development. For this reason, it may be said that the commercial commodities economy was an abnormal economy in that it was more show than substance, a mere front and a "false prosperity." Other comrades took the position that the high rate of development of the commercial commodities economy during the Ming and Qing Dynasties was based mainly on the foundation of the development of agricultural and handicraft production. In other words, if agricultural and handicraft production had not been restored and developed in the early part of the Ming Dynasty, the development of the commercial commodities economy and the capitalist system would not have taken place in the middle of the Ming Dynasty and the Qing Dynasty.

Three different views were expressed on the evolution of commercial capital. One view was that commercial capital in China's feudal society had not evolved into industrial capital up to the Ming and Qing Dynasties, the reason being that it served not to disintegrate, but to consolidate the system of feudalistic production. The second view was that the development of commercial capital in China's feudal society had evolved into industrial capital by the Tang Dynasty and that it had made further inroads by the Sung Dynasty. The evolution of commercial capital into industrial capital accelerated in the Yuan Dynasty. The latter part of the Ming Dynasty saw the birth of capitalism as a result of the evolution of commercial capital into industrial capital. According to the third point of view, a small amount of commercial capital had evolved into industrial capital by the Qing Dynasty, although that was not the main trend. The main trend at the time was for commercial capital to merge with land to evolve into land capital. The merchants did not become capitalists by engaging in handicrafts, but became merchant landowners by the purchase of land. That was the special feature of the development of China's commercial capital.

5. Effect of Feudal Autocracy on Feudal Economy

Some comrades were of the view that China's feudal autocratic government had, in the final analysis, a negative effect on China's feudal social economy and that it posed an immense obstacle to the development of the feudal economy. Other comrades held the view that at the time of the Warring States, China's feudal autocratic government had a positive effect in providing an impetus to the private land ownership system, to its own system of government and to the development of the commercial economy. However, after the Tang Dynasty, and especially during the Qing Dynasty, the feudalistic autocratic form of government exerted a notably negative effect on the feudal economy. This was evidenced by the use of feudal bureaucratic institutions to interfere at random with the economy and especially by the government's policy of emphasizing agriculture and downgrading commercial operations, thus preventing the normal development of the commercial economy and the normal evolution of commercial capital into industrial capital. Instead, the feudal autocratic form of government served to promote the evolution of commercial capital into land capital and to consolidate the feudal land ownership system and the entire feudalistic economic structure.

9621

CSO: 4006/142

GENERAL

BRIEFS

TEXTILE PRICES--Beijing, 18 Jan (XINHUA)--The CPC Central Committee and the State Council have decided to subsidize a few noticeably poor [tu chu pin kun 4499 0427 6302 0938] areas affected by the hiking of prices for cotton textile goods and the total subsidy will amount to 100 million yuan, said Vice Premier Yao Yilin at a symposium held by the State Council on the readjustment of textile prices. Yao Yilin said: It is true that the people in a few noticeably poor areas will have to spend more on cotton clothes because of increased prices. Taking the immediate interest of the people in these areas into account, the party Central Committee and the State Council have decided to subsidize an agricultural population of 50 million in about 200 counties that are considered to be noticeably poor. These counties are in Gansu's Dingxi Prefecture, Ningxia's Xihaigu Prefecture, northwestern Shanxi, northern Shaanxi, Liaoning's Chaoyang Prefecture and remote or border counties in Nei Monggol, Xizang, Qinghai, Xinjiang, Yunnan, Guizhou, Sichuan and Guangxi. Yao Yilin added that within the next few years more chemical fiber textile goods at reduced prices would be shipped to and put on sale in these noticeably poor areas. [Text] [OW181419 Beijing XINHUA Domestic Service in Chinese 0309 GMT 18 Jan 83]

CSO: 4006/215

HONG KONG MEDIA ON CHINA

CURRENT STATUS, FUTURE OUTLOOK FOR CHINA'S ENERGY STRUCTURE ANALYZED

Hong Kong WEN WEI PO in Chinese 6, 7 Jan 83

[Article by Hao Bin [3493 2430]: "Present Status and Outlook of China's Energy Structure"]

[6 Jan 83 p 14]

[Text] (I) Coal

Coal is China's first major source of energy. In 1978, the actually measured reserve was 600 billion tons. Over 60 percent of the counties throughout the nation have coal resources. The precise reserves where coal mines can be built amounted to 30 billion tons. From 1949 to 1979, the whole nation's output of coal increased from 32 million tons to 635 million tons, an increase of 18 times and registering an annual growth rate of 10.4 percent. The distribution of coal has also improved greatly. The coal industry has developed by varying degrees whether in the southwest, the northwest or in the nine provinces south of Changjiang where there is a lack of coal. The resources of China's coal industry are reliable and the basis is sizable. As long as transportation and the use and treatment of the three wastes can correspondingly catch up, China has the conditions to produce more and to use more coal.

The construction period required to develop coal is long and rather difficult. To build a coal mine producing over 1 million tons generally requires about 10 years from the time of constructing the mine to the time it reaches the designed capacity. Therefore, while the depth of the mines continues to increase and while the amount of construction increases year after year, the investment ratio in coal must remain stable while it gradually increases [sic] in order to guarantee continued growth in the output of coal. But actually, China was unable to do this. During the "first five-year plan", investment in coal development constituted 12.3 percent of total industrial investment. During the "second five-year plan", it constituted 13 percent. The ratio of investment in coal during these ten years basically remained stable. A total of 213 million tons of coal producing capability was newly added, constituting an average

annual increase of 21 million tons. During the "third five-year plan", the investment ratio dropped to 9.2 percent. During the "fourth five-year plan", it was 9.6 percent. The ratio during the past ten years dropped by 3 percent from the previous ten years. Coal producing capability increased by 149 million tons, constituting an annual average increase of 14 million tons. Although the investment ratio between 1976 and 1978 rose again, reaching 10.4 percent, because there were too many deficiencies, and with the reduction in productive capability of old mines abandoned each year, the newly added capability did not visibly increase. The annual average growth was 14 million tons. Because of the drop in the investment ratio, the scale of mines under construction is small. In 1970, the scale of construction of mines was 158 million tons. In 1978, this dropped to 130 million tons. In 1980, this dropped again to 100 million tons. Such a scale of construction can only provide over 10 million tons of newly added capability a year. Deducting the several million tons not being produced anymore by abandoned old mines, the increased output is even less. Therefore, it is very difficult to satisfy the needs of the current year. To ease this conflict and adapt to consumption needs, a campaign to develop the potential of coal mines throughout the nation was launched. After 1965, the output of coal remained at an annual growth rate of 30 million tons, more than onefold over the newly added capability. Because of unilateral pursuit of output, an irrational ratio between the newly added capability each year and the growth of coal output was necessarily created, and China lived off its past gains. During the "first five-year plan", the ratio between the capability of new mines that began production and the growth in output was 1 to 1. During the "second five-year plan", it was 1 to 0.6, during the "third five-year plan" it was 1 to 1.8, during the "fourth five-year plan" it was 1 to 1.58, between 1976 and 1978, it reached 1 to 3.18. The output of some relatively large coal mines throughout the nation has already reached onefold or nearly onefold over the originally designed capability. It would not be too easy to further increase the output by a large scale.

According to the present scale of construction of coal mines and progress in the reorganization of producing mines, it is estimated that before 1985, the growth rate of coal will be 2.5 percent, an average annual increase of 17 million tons in output. By that time, the output of coal will be 720 million tons. From 1980 to 1990, the growth rate of coal will be about 4.6 percent, an average annual increase of 36 million tons. In 1990, coal production will reach 900 million tons. It is expected that by the end of this century, coal output will reach 1.4 billion tons, an average annual increase of 4.5 percent.

(II) Petroleum

China's petroleum resources are far less abundant than coal. The known reserve is mainly concentrated in the northeast, north China, along the coast and in the Xinjiang area. The reserves in the south central and the southwest are very scarce, the distribution is very uneven. Since founding of the nation, the development of China's petroleum industry has been very rapid. At the time of liberation, the whole nation only

had two small oil fields at Yumen in Gansu and Yanchang in Shaanxi and some dry distillation furnaces for shale at Fushun. Crude oil production was 120,000 tons. After 30 years of buildup, the petroleum industry underwent a great change. Now, 19 provinces and autonomous regions produce petroleum and natural gas. In 1979, the production of crude oil reached 106,130,000 tons, ranking ninth in the world. But, because the growth in the output of crude oil in recent years has far surpassed the increase in reserve, a problem of a serious deficiency in reserve resources has emerged. In 1979, the ratio between reserve and extraction of petroleum throughout the nation dropped fourfold from that in 1965.

A review of the history of development of the petroleum industry in China and in other nations of the world shows that the key in guaranteeing a sustained and stable growth in the output of petroleum is to insist on conducting geological prospecting first and to grasp reserve resources that can produce increased output. But, for a long time, China did not have a sufficient understanding of this problem. In particular, after a definite reserve was found, China became blindly optimistic. The tendency to emphasize exploitation and neglect prospecting was very serious.

Practical experience over the past more than 30 years proves that as prospecting work continues to deepen without major breakthroughs, the general pattern is that the geological structures progress from simple to complex, the natural conditions change from good to bad. The major locations for exploration move from land to the ocean, and prospecting wells become deeper. In this way, the difficulty in prospecting becomes greater, and the results of prospecting also lessen.

During the 8 years from 1949 to 1957, a total of 823,000 meters of wells was prospected. During the "second five-year plan", geological prospecting for oil strengthened. Investment in prospecting constituted 46.2 percent of total investment in petroleum. During this period, Daqing, Shengli and such large oil fields were discovered. A total of 2,727,000 meters of wells was prospected. The results of known petroleum reserves found per meter of well prospecting was 3 times the national average. During the three years of readjustment, the ratio of investment in prospecting dropped to 28.8 percent. A total of 749,000 meters of wells was prospected, and the results from oil well prospecting dropped. During the "third five-year plan", the ratio of investment in prospecting rose to 57.9 percent, and progress in well sinking for prospecting was 3,599,000 meters. But the results of well prospecting continued to drop. Comparison between the "third five-year plan" and the "second five-year plan" periods shows that although the ratio of investment in prospecting increased 11.7 percent and progress in well sinking for prospecting increased 32 percent, but because more large oil fields were not found, the known reserves were less than half that during the "second five-year plan" period. After the 1970s, in order to hasten the development of petroleum, investment in capital construction in the petroleum industry grew rapidly and the output of crude oil also grew rapidly.

But because emphasis was only on building up production, petroleum prospecting work was neglected. The ratio of investment in prospecting dropped from the 57.9 percent during the "third five-year plan" period to 38.1 percent, and without continuing to discover high reserve oil fields like

Daqing, the results of prospecting were very poor. The known reserve is about the same as that during the "second five-year plan" period. This has caused petroleum prospecting to lag seriously behind development and caused an imbalance in the ratio between reserves and extraction.

[7 Jan 83 p 13]

[Text] After the 1970's, the great development in China's petroleum industry stimulated the development of the national economy, and at the same time, some problems emerged. At that time, because the estimates of petroleum resources were too optimistic, there was a definite blindness in the development and use of oil and gas. In 1970, the output of raw coal throughout the nation was 350 million tons, the output of steel was 18 million tons, the output of automobiles was only 87,000 units. The petrochemical industry had just begun. The industrial foundation was still weak. Under this situation, hastening the development of petroleum of course could not sustain prolonged growth in petroleum because of insufficient capital for prospecting reserves, and also because the transportation and petrochemical industries were backward, and the precious petroleum could not be fully and rationally utilized. From 1965 to 1978, the output of crude oil throughout the nation increased 8 times. The amount of oil consumed increased 9 times while the exploitable reserves increased only onefold. Now, the cumulative amount of crude oil extracted is constituting a larger and larger proportion of the known exploitable reserve. To sustain the current intensity of extraction, a lot of work has been done to inject water into oil fields and a lot of capital has been spent. Even though results have been realized, the drop in output of the oil fields cannot be stopped. According to estimates, to sustain the present output of crude oil, 300 to 400 million tons of geological reserves of petroleum must be newly added each year, and a crude oil production capability of about 10 million tons must be built, otherwise the output of crude oil will drop.

Because it is difficult to estimate the time for finding newly added reserves in the future and estimate the scale of growth, therefore the output of petroleum can only be estimated on the basis of known reserves. Preliminary estimates show that in 1985, the output of petroleum would be 110 million tons, basically maintaining the output level of 1980. After 1985, oil wells in the ocean will continue to develop their function. By 1990, output is expected to reach 150 million tons, and by the year 2000, efforts will strive towards producing 230 million tons, an average annual increase of 8 million tons. The average growth rate over the 15 years will be 5.1 percent.

(III) Natural Gas

Natural gas resources are mainly concentrated in the Sichuan and Guizhou areas. Each large oil field also has some associated gas. At present, the cumulative exploitable natural gas reserve is not large and the remaining exploitable reserve is also limited. In 1979, the output of

natural gas was 14 billion cubic meters. The gas fields in Sichuan produced 6.52 billion cubic meters, and 7.48 billion cubic meters of associated gas were produced in the oil fields. Because the growth of crude oil in the future is not good, it is more difficult to estimate the expected growth in the output of gas from the oil fields. And with the rate of drop in the output of gas from gas fields in Sichuan reaching 15 percent last year, the growth in the output of natural gas will not be large. Preliminary estimates show that in 1985, 15.5 billion cubic meters of natural gas will be produced, and the annual average growth over five years will be 300 million cubic meters. In 1990, 20.5 billion cubic meters would be produced, and the average annual increase over those five years would be 1 billion cubic meters. In the year 2000, 34.5 billion cubic meters would be produced, and the annual average over those ten years would be 1.4 billion cubic meters.

(IV) Hydroelectric Power

China is a nation with the most abundant hydraulic resources in the world. The theoretical reserve is 600 million kilowatts. The capacities of resources that have already been utilized at present and the capacities of the hydroelectric power stations now being built total 27 million kilowatts, constituting 4.7 percent of the theoretical resources. The potential for developing hydroelectric power is very great. But because most of the major rivers in China flow from west to east and originate in the west and flow into the East Sea, therefore over 80 percent of the hydraulic resources are concentrated in the remote regions of the southwest and the northwest.

At the end of 1978, the whole nation's total installed capacity for power generation was 52,770,000 kilowatts. In 1979, the actual amount of output of electricity was 278.9 billion kilowatt-hours. The average installed capacity per 100 million kilowatt-hours of electricity was 19,000 kilowatts. The installed capacity of hydroelectric power was 15 million kilowatts, constituting 28.3 percent of the total installed capacity. Hydroelectricity constitutes about 17 percent of the total. France and Italy are nations with a relatively high percentage of hydroelectricity. The installed capacity of hydroelectricity in these two nations constitutes between 40 and 45 percent. To prevent the shortage of electricity during dry periods, some thermal power capacity is used during the dry seasons to supplement insufficient capacity. Therefore, the average installed capacity to generate 100 million kilowatt-hours of electricity is 28,000 to 29,000 kilowatts. The unit installed capacity of generation is 1.5 times that of China. If we calculate on the basis of the situation in France and Italy, for each added percentage point in installed capacity of hydroelectricity in China, the average installed capacity to generate 100 million kilowatt-hours of electricity would have to increase by 590 to 750 kilowatts.

Hydraulic power is a regenerative energy source. Developing hydroelectricity more can conserve mineral energy sources and can also prevent environmental pollution. In long-range considerations, we should develop hydroelectricity more. But, hydroelectricity is strongly seasonal.

To prevent the shortage of electricity during the dry season, we must also supplement a part of thermal electricity, and this increases the investment in electric power. Also, because the percentage of coverage of forests in China is low, silting in reservoirs is very serious. According to a 1978 survey of 33 large and medium sized reservoirs throughout the nation, 16 of them have been massively silted. Average silting has reached over 50 percent of reservoir capacity. The useful life of these reservoirs is only 13 years. And with the remoteness of the southwest and northwest regions, the transmission of electricity from these regions still relies on the development of power transmission and transformation technology in China. Therefore, development of hydroelectricity in the future must be combined closely with planting trees and forestation. China must insist on the principle of suiting measures to local circumstances and economic rationality. Hydroelectricity should be developed in key regions rich in hydraulic resources. China must develop however much hydroelectric power the localities can utilize, build as much as can be transmitted. As China's economy and technical level improve, the percentage of hydroelectricity can be gradually increased.

Forecasts of Our Nation's Energy Structure

	Total	Coal	Petroleum	Natural Gas	Hydroelectric Power
1979 (year)					
Real (10,000 tons)		635,000	10,615	14 billion cubic meters	50.1 billion kilowatt-hours
Converted to standard coal (10,000 tons)	64,411	45,357	15,143	1,862	2,049
Percentage (%)	100	70.42	23.51	2.98	3.18
1985 (year)					
Real (10,000 tons)		72,000	11,000	15.5 billion cubic meters	70 billion kilowatt-hours
Converted to standard coal (10,000 tons)	72,005	51,429	15,714	2,062	2,800
Percentage (%)	100	71.40	21.82	2.86	3.89
1990 (year)					
Real (10,000 tons)		90,000	15,000	20.5 billion cubic meters	90.0 billion kilowatt-hours
Converted to standard coal (10,000 tons)	91,952	64,286	21,429	2,727	3,510
Percentage (%)	100	69.91	23.30	2.97	3.82
2000 (year)					
Real (10,000 tons)		140,000	23,000	34.5 billion cubic meters	150 billion kilowatt-hours
Converted to standard coal (10,000 tons)	142,846	100,000	32,857	4,589	5,400
Percentage (%)	100	70.01	23.00	3.21	3.78

*Taken from "Study of the Problem of China's Economic Structure", December, 1982, published by the People's Press, 808 pages, 610,000 characters. Chief editor: Ma Hong [7456 3163]. Price: HK\$18.

*Ma Hong [7456 3163], First Deputy Secretary of the State Council, Director of the China Social Sciences Institute, head of the Technology and Economics Research Center of the State Council, Deputy Editor of the Chinese Economic Yearbook.

9296

CSO: 4013/98

Material Management

AUTHOR: SUN Xiaolian [1327 ;321 1670]

ORG: None

TITLE: "Symposium on Clearing and Making Use of Warehouses in Some Provinces and Cities Held in Beijing"

SOURCE: Beijing WUZI GUANLI [MATERIAL MANAGEMENT] in Chinese No 12, 25 Dec 82 p 9

ABSTRACT: For the purpose of further developing the work of clearing and making [better] use of warehouses to unearth dormant resources of materials and commercial products in storage, the State's Economic Committee called some provinces and cities to a warehouse-clearing symposium in Beijing. It was held on 16-20 Oct and attended by 40 persons, holding responsible positions in Offices of Clearing and Making Use of Warehouses and Offices of Reporting and Discarding Mechanical and Electrical Products in Storage of 15 provinces and cities, the Finance and Trade Group of the State Economic Committee, Chinese People's Bank, Construction Bank, etc. Delegates of Yunnan, Heilongjiang, and Sichuan introduced their experiences in developing the work of clearing and making use of warehouses. MA Yi [7456 0308], Vice-chairman of State's Economic Committee came to deliver a speech; Comrade LUO Zhiqing [5012 1807 0615] delivered a summarization speech and made arrangements for future work.

6248

CSO: 4009/79

END

END OF

FICHE

DATE FILMED

feb 28, 1983